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Citrus • Tropical Fruit • *Foodservice Procurement Programs* • **Regional Profile: Dallas** • *Peanuts* • FLORAL ADD-ONS

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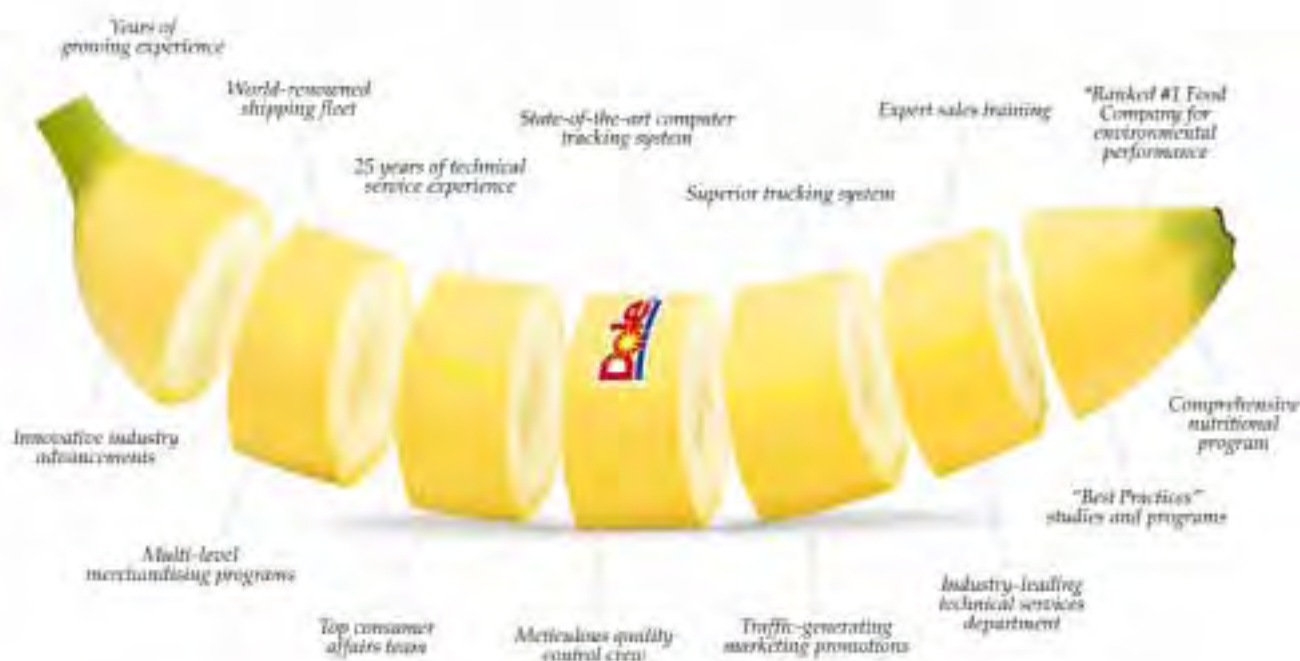
RETAIL ADVERTISING STRATEGIES

New Ways To Reach The Customer

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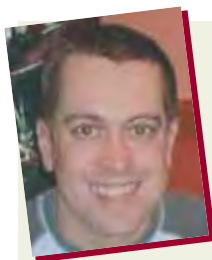


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PRODUCE QUIZ



THIS MONTH'S WINNER:

Chris Rodes Jr.

Produce Buyer
Maurice Trudel Brokerage Co.
Everett, MA



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How To Win

To win the PRODUCE BUSINESS Quiz, the first thing you have to do is enter. The rules are simple: Read through the articles and advertisements in this issue to find the answers. Fill in the blanks corresponding to the questions below, and either cut along the dotted line or photocopy the page, and send your answers along with a business card or company letterhead to the address listed on the coupon. The winner will be chosen by drawing from the responses received before the publication of our March issue of PRODUCE BUSINESS. The winner must agree to submit a color photo to be published in that issue.

Maurice Trudel Brokerage Co., located on the Boston Terminal Market, has been a fixture of the Boston produce scene for 43 years. Chris Rodes has been with the company for about six years as part of a 3-person team that buys all types of fresh fruit and vegetables.

Prior to working for Trudel, Chris was a college student and had a few jobs around the market. He liked the market atmosphere so much he decided to pursue his career there.

He has been reading PRODUCE BUSINESS since joining Trudel and appreciates all the information it offers. "I like the variety. There are so many different things to read. I learn a lot about new items. It really informs you about the industry," he explains.

As the winner of the November Quiz, Chris wins an iPod Nano 2nd generation.

WIN AN IPOD NANO 2ND GENERATION

2 GB with 1.5-inch backlit color LCD, anodized aluminum body, holds up to 500 songs/25,000 iPod Nano viewable photos, up to 24 hours playback when fully charged, skip-free playback, Mac and Windows compatible, silver finish.

QUESTIONS FOR THE JANUARY ISSUE

- 1) What is the toll-free number for Hampton Farms? _____
- 2) Kingsburg Orchards is the "exclusive home" of which fruit? _____
- 3) What is the e-mail address for FTD? _____
- 4) What is the web address for Mann Packing? _____
- 5) Where is E.J. Cox Company located? _____
- 6) What is the brix level of the Brooks Solo Papaya? _____

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Name _____ Position _____

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Photocopies of this form are acceptable. Please send answers to:
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WASHINGTON GRAPEVINE

A report on the inside happenings of government.

SUBMITTED BY ROBERT L. GUENTHER, SENIOR VICE PRESIDENT, PUBLIC POLICY • UNITED FRESH FRUIT AND VEGETABLE ASSOCIATION



Rep. Farr's Spinach Legislation

Nearly three months ago, the produce industry began a new chapter in its book on food safety when FDA announced that a serious E. coli 0157:H7 foodborne disease outbreak was underway.

The produce industry was suddenly playing defense, working to quickly help identify the cause of the outbreak, manage the ongoing media crisis and help restore consumer confidence in the nation's produce supply.

We now know the scope, source and human impact of that outbreak. But there is still much that is unknown about the impact on our industry and on consumer confidence. Now more than ever before, our industry must focus on developing a "road map to recovery." Part of that recovery effort will involve working with Congress and the Administration to find the right legislative tools for the spinach industry to thrive once again.

On Dec. 6, 2006, Rep. Sam Farr (D-CA) introduced legislation, H.R. 6379, the "Spinach Research and Recovery Act," to begin that recovery process. The bill has 11 co-sponsors — nine from California and one each from Colorado and Maryland — and is expected to serve as a template for enacting legislation this year when Congress convenes for the 110th Congress. The spinach legislation tackles two important issues: addressing the urgent need for more food safety research on produce and directly confronting the industry's short-term challenges with marketplace losses.

First, the legislation will address the federal government's inadequate focus on food safety research for fresh produce. The evidence is loud and clear that federal research dedicated specifically to fresh pro-

duce food safety is critical to helping prevent future foodborne outbreaks.

Over the years, the congressional agricultural appropriations budget has been the primary source of funding for such

In addition to funding for produce safety research, the bill would help spinach growers recoup economic losses suffered during the outbreak.

research. In addition, the U. S. Department of Agriculture (USDA) has the ability to allocate critical funding targeted at fresh produce food safety through several different research arms, including the Cooperative State, Research, Education, and Extension Service (CSREES) and the Agricultural Research Service (ARS).

Unfortunately, the current system has failed our industry when it comes to research dollars. ARS discretionary funds available for fresh produce food safety research in FY06 amounted to just \$2 million dollars. CSREES has spent an average of only \$500,000 dollars annually on fresh-produce food-safety projects for the last five years. And the Food and Drug Administration (FDA) Center for Food Safety and Applied Nutrition (CFSAN) — which in years past had discretionary funding avail-

able for targeted food safety research — now has no discretionary funds available for fresh-produce food-safety research.

Rep. Farr's spinach legislation aims to change this trend. Specifically, the bill calls for \$26.5 million in research funding dedicated to fresh-produce food-safety priorities. This funding would be allocated in three specific areas: ARS, CSREES and CFSAN.

In addition to funding for produce safety research, the bill would help spinach growers recoup economic losses suffered during the outbreak. The fresh spinach industry cooperated with FDA's Public Health Advisory by removing and destroying safe and healthful spinach as a precaution, but it suffered — and continues to suffer — severe economic losses.

Under the legislation, growers and first-handlers of fresh spinach that were unable to market their product during the FDA Public Health Advisory would receive payments through an economic assistance program administered by USDA. According to the provisions of the bill, the economic assistance would allow those growers affected to recoup up to 75 percent of lost revenue in spinach sales while the FDA Advisory was in place.

Clearly this legislation marks an important development for our industry in the fight to ensure produce is as safe as possible. Growers who were directly impacted by the FDA Advisory will recoup some economic losses, and the broader produce industry will benefit from much-needed research funding targeted at fresh produce food safety. This legislation should be applauded — and enacted quickly to allow our industry to move forward in a positive direction.

TAVILLA SALES CO., LOS ANGELES, CA

Darren Kolinsky has joined the company as director of sales and marketing. Previously he was with DPI-West as director of candy and snacks. He also was the owner of Holiday Candy Co. Kolinsky is responsible for new business development and helping to grow sales.



DOLE FOOD COMPANY, INC., WESTLAKE VILLAGE, CA

Carlos Mandujano was promoted to president of Dole Latin America. Since 2004 he has served as vice president, operations for Dole Asia Fresh. Prior to that he served as general manager of Stanfilco. He has been a key member of Dole Asia Fresh for the past 16 years and with Dole for almost 30 years.



GIUMARRA VBM INTERNATIONAL LLC, LOS ANGELES, CA

Rob Campbell has joined the sales team and is assisting in East Coast berry sales. He will be based out of Philadelphia, PA. His background includes experience in quality control, sales and marketing while working for The Oppenheimer Group and Fisher Capespan USA.



Tim Osgood has joined the sales team on the West Coast and will work out of the Long Beach, CA, office. His family has been involved in the restaurant business for 40 years and Osgood himself brings nearly 20 years of fresh food and retail experience to the company.



ANNOUNCEMENTS

KROGER SOUTHWEST WINS AD CONTEST

The California Avocado Commission, Irvine, CA, announced Kroger Southwest as the grand prize winner of the 2006 Fresh California Avocados Runaway Hit of the Summer ad contest. The winning entry was selected out of 573 entries received from 73 retailers during the 18-week promotion starting May 31. The grand prize was a Panasonic 37-inch plasma HDTV.



Reader Service No. 300

FRESH KING ACQUIRES C-BRAND TROPICALS

Fresh King, Inc., Homestead, FL, has acquired C-Brand Tropicals, Inc. Fresh King is a grower, packer, shipper and importer of tropical produce and Chinese and gourmet vegetables. Peter Leifermann is now president of Fresh King, Peter Schnebly is CEO, Denise Serge-Schnebly is CFO, and Bill Schaefer is vice president of marketing.



Reader Service No. 302

SQUEEZABLE LEMON AND LIME LOOK-A-LIKES

Dream Foods International, LLC, Santa Monica, CA, recently introduced the 100-milliliter version of its Volcano Lemon Burst and Volcano Lime Burst. Featuring organic, not-from-concentrate citrus juice, the realistically shaped bottles contain lemon or lime oil in the caps, which dispense a drop of oil with every squeeze.



Reader Service No. 304

CROSS-MERCHANDISING PROMOTION

Dole Fresh Fruit Company, Westlake Village, CA, has teamed with Rivianna Foods, Inc., and its Success Rice to focus on health and nutrition. A recipe hangtag will appear on Dole Tropical Gold Pineapples throughout January. Consumers who purchase a Tropical Gold Pineapple will receive an instant redeemable coupon for \$1 off any two Success Rice products.



Reader Service No. 306

OFFICIAL LETTUCE NAMED

Mills Family Farms, Salinas, CA, was named the official lettuce sponsor of the Masters of Food and Wine for the second consecutive year. Mills Family Farms Wholeleaves are washed, ready-to-use, individual leaves of green leaf, red leaf, green cascade Mix and romaine lettuce. The Masters of Food and Wine will be held Feb. 22-25, 2007 in Carmel, CA.



Reader Service No. 308

SIAM MONTREAL 2007

SIAM Montreal, Montreal QC, is scheduled for March 28-30, 2007. Show organizers anticipate 750 exhibitors from 40 countries and 18,000 visitors from 80 countries on 200,000 square feet of exhibit space in the Palais de congrès de Montreal. More than 80 percent of the exhibition floor is already booked and international exhibitor registration is up by 20 percent.



Reader Service No. 310

SUSTAINABLE, FAIR-TRADE BANANAS

Oké USA, Boston, MA, has launched the country's first fair-trade fruit company offering fair trade and ecologically grown bananas. Oké Fair Trade bananas are available in food cooperatives, foodservice venues and select markets throughout the Northeast. Expanded distribution is expected this year. Oké bananas are Fair Trade certified by TransFair USA.



Reader Service No. 301

NEW TOOLS TO GROW CORE BUSINESS

Hollar and Greene, Boone, NC, announces the launch of the company website and the addition of new over-wrap shrink machines to two packing facilities to provide high quality wrapped cabbage. The company also recently introduced a new variety of cabbage called Highpoint Sweet with projected availability out of Florida starting in January.



Reader Service No. 303

DRIED STRAWBERRIES AND CRANBERRIES

Mariani Packing Company, Vacaville, CA, has added whole dried cranberries and dried strawberries to its line of retail berry products. The whole dried cranberries are available in 5-ounce packages and the dried strawberries are offered in 4-ounce packages. Both can be positioned as ideal for topping cereal, snacking, baking and cooking.



Reader Service No. 305

SUNKIST SPONSORS WORLDS OF FLAVORS EVENT

Sunkist Growers, Inc., Sherman Oaks, CA, was the only platinum level sponsor of the Culinary Institute of America's annual Worlds of Flavors International Conference & Festival. The highly visible role citrus plays in Spanish cuisine was highlighted as regional foods from Spain were featured in the Worlds of Flavors event.



Reader Service No. 307

STRAWBERRY PACKAGING

International Paper, Memphis, TN, and Robert Mann Packaging, Inc., Gilroy, CA, announce The Total Package — an extensive array of packaging and distribution solutions for strawberries. It includes field-proven DEFOR package design and offers one-stop shopping for strawberry trays and clamshells, year-round warehousing and real-time inventory tracking.



Reader Service No. 309

ORGANIC FRESH CUTS

Goodness Greenness, Chicago, IL, introduces organic fresh-cut product that is vacuum-sealed for optimum freshness. The line includes carrots (sticks, coins and diced), celery (sticks and diced), zucchini (coins) and Roma tomatoes (quartered) plus sliced cucumbers, white mushrooms, red onions, green peppers, radishes and red potatoes as well as pineapple chunks.



Reader Service No. 311

New Year's Food For Thought

The Produce Marketing Association (PMA) regularly commissions consumer studies to help identify factors driving fresh produce demand.

Produce has purchase power. In March, 72 percent of consumers responding told us they shop for fruits and vegetables where they do most of their grocery shopping, 47 percent will change stores for better fruits and vegetables, and nearly 20 percent travel to a different store to get better freshness, quality or prices.

On several occasions, consumers told us produce has become increasingly important, whether eating at home or out. In July, 14 percent of households reported at least one "flexitarian," who eats a mostly vegetarian diet, 33 percent of those households reported the level of flexitarian eating has increased in the past few years, and 29 percent of households with a vegetarian reported this preference has increased.

Forty-three percent of respondents in May told us produce offerings (excluding French fries) were "very much" a factor in their restaurant choice, and 45 percent said so about their entrée choice. Almost 30 percent told us they looked for and/or purchased a produce item after first trying it in a restaurant. As I've said before, produce marketers and retailers need to pay close attention to what is happening at American restaurants.

In those restaurants, produce is also taking on a greater share of the plate and is sometimes moving increasingly to the center of the plate. In May, consumers told us that when dining out, they are purchasing more entrée salads (44 percent), side salads (56 percent), fresh-cut fruit salads (42 percent) and vegetarian entrées (26 percent).

Meet the royal food court: taste, convenience, nutrition, quality, selection and price. Taste was very important to 81 percent of respondents in our May survey; nutrition was so ranked by 62 percent. Consumers responding to our September survey regarding take-home meals cited as most important: taste, quality, consistency, convenience, service, price and selection, in that order.

Parents ranked health and nutrition, quali-

ty, variety and convenience as top motivators in purchasing more fruits and vegetables for their children in a January survey. Twenty-four percent of respondents in our March survey told us they would buy more produce if retail pricing was better, 15 percent if fresher and better quality, and 8 percent if better variety and selection.

In May, 86 percent of consumers reported they had purchased fresh-cut produce in the past year, 41 percent reported their purchases had increased, and 34 percent planned to increase purchases in the year ahead. Since the body blow to the category from the September outbreak of *E. coli* traced to spinach, sales have taken a hit, with products containing spinach feeling the most pain. I wrote about this last month and we'll be tracking consumer attitudes and reporting on those results in the months ahead.

How consumers feel about produce safety is impacted easily. We commissioned consumer surveys on food safety in February and May, before and after an *NBC Dateline* segment on fresh-cut food safety. While the broadcast did not increase the share of consumers expressing concerns about food safety, it appeared to elevate levels among those already concerned. For those who already harbor concerns, this type of news ratchets up the level. Most consumers rated the safety of bagged salad highly pre- and post-segment.

The spinach outbreak had extensive media coverage and generated great concern. That's been followed more recently by the *E. coli* outbreak at Taco Bell, which was initially attributed (wrongly) to green onions by the company and then (without final definitive evidence) to lettuce by CDC and FDA, as well as some state health departments.

We're continuing to track consumer confidence and hope to see an upswing with the positive steps being taken by the industry to prevent additional outbreaks and regain consumer and regulatory authority confidence. I expect to see considerable media coverage as government hearings proliferate. Produce will be front-and-center stage.

So, what about some goals and resolutions

Examining and reflecting on the year past for the ideas that will guide you in the year ahead.

for the year ahead? These research findings offer several possibilities.

No other food group offers the flavor, eye and nutritional appeal of produce, and at bargain per-serving prices. Increased sales profits will go to those suppliers, retailers and food-service operators who capitalize on the importance consumers place on produce. We have the opportunity to grow consumption of important existing customers. Our surveys indicate even vegetarians' and flexitarians' produce repertoire is limited, a reality that likely applies to most produce consumers, too.

We have an opportunity to capitalize on our consumers' demands for flexibility of form, function and venue, whether they seek the convenience of fresh-cut produce and take-home meals over whole produce, enjoy year-round variety or prefer to buy seasonally and locally. Consumers tell us we can also increase sales by offering a broader selection of tastier, higher-quality produce.

We must redouble our efforts to improve the information flow about our products themselves (aimed at consumers) and the standardized, descriptive data we can share electronically (within the supply chain). It's time to tell our story more effectively to the public while also improving the efficiency of the data we could be transmitting so we improve quality, analyze better and enhance traceability. The last of these is no small measure in this era of food-safety concerns.

Consumers have given us much food for thought this year. As we continue to listen and learn from them in the year ahead, PMA looks forward to sharing our insights. **pb**



It's Just An Appetizer

We are very fortunate to be part of an industry that has an association, such as PMA, willing and able to support such important research. It is only by knowing what customers think and are concerned about that we can develop and effectively market products that consumers will value.

Yet, it is also frustrating — a review of the research also points out the limitations of consumer surveys. Respondents may lie, engage in wishful thinking or give the answer they think is “right.” And, when asked questions outside the realm of their experience, they may not even know what they really think.

Consumers aren't the only ones inclined to wishful thinking. In interpreting research, it is tempting to pluck out supportive information and leave the rest for further research.

We have done an excellent job of spreading the word that fresh produce is good for you. So much so that we have “tainted” the jury pool. When we ask questions, people feel compelled to align themselves with the good — though their actions often speak otherwise.

Re-read this summary of the research on consumer attitudes toward produce in food-service done in May:

“...produce is also taking on a greater share of the plate and is sometimes moving increasingly to the center of the plate. In May, consumers told us that when dining out they are purchasing more entrée salads (44 percent), side salads (56 percent), fresh-cut fruit salads (42 percent) and vegetarian entrées (26 percent).”

It sounds like fantastic news, but what is it telling us? My guess: It is an idealized version of what people believe they should be doing — not what people do but what the culture is telling people they ought to do.

Learning what consumers think they are supposed to say can be very valuable. But we have to understand that in consumer research, rather than automatically accepting what consumers say as an accurate description of their behavior, the more interesting question is, “Why do consumers tell us that?”

The May figures can't be literally true. If such enormous percentages of people were really switching to entrée salads, adding side salads, buying fresh-cut fruit salads and giving up meat entirely to go vegetarian, we would see massive increases in consumption. The news reports would be filled as big food-service distributors were struggling to build enough refrigerated capacity to keep up.

Unless, of course, it is literally true but the base is very small. If only 1 percent of the people bought fresh-cut fruit salads once a year but now that number is up 42 percent, then the results could be literally true but not matter that much for consumption.

So we need far more information to grasp the meaning and importance of this data. Often the questions answered lead to more questions. Think about this report from July:

“...33 percent of those households reported the level of flexitarian eating has increased in the last few years, and 29 percent of households with a vegetarian reported that this preference has increased.”

Flexitarian implies a mostly vegetarian diet but without a hard-and-fast rule against animal products. Many flexitarians eat fish or occasionally meat. But do people who eat less meat eat more fresh produce? We don't know. Perhaps health concerns motivate them to eat less meat — and to eat less overall. Their diet may be more weighted toward fresh produce in percentage terms but in actual volume consumed, it might be less that a typical American omnivore. Or pasta and grain-based foods might fill the place of meat or they may disproportionately eat frozen or canned produce.

Another enormous issue that colors a great deal of the research done on produce is the fact that we don't know how accurately consumers can identify “fresh” produce, especially at foodservice operations, and we don't know how much they care if the product is fresh. By far the greatest competitor for fresh broccoli is frozen broccoli. How loyal consumers are to fresh and when and where they will use frozen or canned makes an enormous difference to the fresh produce industry. The research we've been able to do

The more we know, the more questions we are able to ask.

so far is just a starting point. A lot more work is required before we can understand what consumers are saying sufficiently to feel confident acting upon the knowledge.

Another issue is the difficulty of syncing the consumer and trade usage of a word. When we ask consumers about “take-home meals” or “fresh-cut,” do they understand these words as the trade does? Or are we, literally, speaking different languages? We have to be careful not to assume we are all on the same page but to research these actual points.

It is difficult to ascertain how consumers act in real life. When a consumer says “taste” is very important, does that reflect shopping behavior? Does it mean preference or avoidance of an item based on how it tasted last time? Does it mean consumers value sampling programs? Does it mean they want lessons on how to select ripe produce? And if both “taste” and “nutrition” are important, how do consumers weigh one against the other?

The more we know, the more questions we are able to ask. And that is the great benefit of the 2006 PMA research. It sets the stage to help us ask better questions about consumers, our products and our shopping venues.

In April 2006, Bryan's research report was a first-person observation from China. He told us of how the Great Wall, under construction for 2,000 years, was intended to keep out the Mongols. It was a big task, but understanding the constantly changing consumer is a big task as well. We have many more years of research ahead of us.

Yet we begin 2007 in better shape than we entered 2006 because we've been researching all year, and, as Lao-Tzu reminded us: “The journey of a thousand miles begins with a single step.” We have begun. **pb**



Beyond Our Borders

In February, *PRODUCE BUSINESS* magazine and its sister website, *PerishablePundit.com*, will be exhibiting at Fruit Logistica, a produce trade show in Berlin. We decided to go because a significant number of our business associates started asking if we were going to be there. In addition, significant trends and events are drawing our attention beyond our borders:

- In September 2006, we reported on this page of a trip I took to give speeches and visit with the produce trade in South Africa. I closed the column by urging Costco, Supervalu, Wal-Mart or some other giant to step up to the plate and hire Danie Kievet, who hosted me during my time in the country. Well, others obviously confirmed my assessment as Wal-Mart's Global Sourcing division hired Danie to head up its South African Procurement Operations.

- The No. 1 question we get asked about U.S. retail right now? What are Tesco's plans for the United States? Tesco, of course, is the United Kingdom-based giant that has more than held its own against Wal-Mart's British subsidiary, ASDA. It is making a major move to open stores in California, Arizona and Nevada.

- Can the food-safety rules eventually established for U.S. growers be applied outside the United States? We have treaties that preclude countries from banning product just because they don't want it. Generally, import restrictions must be science-based. This is why Europe is in trouble at the World Trade Organization over its resistance to genetically modified products. The objection is politically not scientifically based.

- The AgJobs bill battle is not over whether we will starve if we don't allow in farm workers; it is not even over what wage should be paid to field workers. It is mostly over whether it is better to import more produce or import more produce workers.

- The biggest threat to U.S. food production right now is that substantial federal subsidies to encourage ethanol production are diverting acreage from food production to fuel production. These subsidies are driven by a combination of environmental concerns over global warming and geopolitical concerns that buying oil often funds our enemies in the war on terror.

- In his April 2006 column in *PRODUCE BUSINESS*, *Looking Beyond The Wall*, Bryan Silberman recounted a trip to China where PMA's International Council met. PMA now has three offices outside the United States — in Australia, Mexico and Chile — and in 2006, PMA announced it would reserve two additional seats on its Board of Directors for international members. Rob Robson, CEO of OneHarvest, Carole Park, Queensland, Australia, was named the first international member of the executive committee of PMA's Board.

- United Fresh, in November 2006, held its first event outside

the United States, Fresh-cut Europe, a conference and trade show focused on fresh-cuts, done in the United Kingdom.

These seven facts point to the enormous international influence on our industry. The interconnected web of world affairs is demanding even closer connections between countries.

If you look at a behemoth such as Wal-Mart, you see it is virtually compelled to build up its global sourcing arm. It is not a question of saving a few pennies by cutting out the middleman; it is question of interests that are assisted by being a big buyer.

If someone wants to fight Wal-Mart's expansion in Mexico, Wal-Mart wants to prove it purchased and exported billions from Mexico. It makes it harder for a competitor to paint Wal-Mart the enemy of the Mexican people, and it creates, in the supplier base, a ready-

made lobbying force of hundreds of domestic operators that can be asked for help in a political pinch.

Everything has to be executed well, of course. Wal-Mart may do itself more harm than good if its Global Sourcing arm accepts product that would be rejected if it were supplied by a third party or accepts out-of-stocks or rejections in quantities that would cause a third party to be dismissed as a vendor.

Some international connections pose significant challenges. An organization such as PMA benefits from the perspective of international players on its board, and non-U.S. members can benefit from the chance to leverage the resources of a large organization. But where does it lead? In most countries, such as Chile, the only people interested in PMA membership already have substantial U.S. ties.

In some cases, exporters who do little or no U.S. business reach out to an organization such as PMA for the same reason they subscribe to *PRODUCE BUSINESS*: to stay educated about the cutting edge in the world of produce. On *PerishablePundit.com*, we've argued there are so many of these people in Australia and New Zealand, for instance, PMA should start a chapter.

However, a membership-based organization changes as its membership changes. A few seats on the Board for foreigners helps everyone, but as more produce is imported and the supply base moves outside the United States, a vertically integrated trade association may one day have to confront a situation where much of its membership comes from outside the United States. How does such an association formulate positions on things such as the AgJobs bill?

We don't need a crystal ball to see the answers will involve greater attention to international realities than most in the industry have been used to. On the willingness of the trade to acknowledge this new reality and ability to adapt to it hangs our future.

pb

The interconnected web of world affairs is demanding even closer connections between countries.

How Does \$45 Billion Sound?



That's the value of the U.S. spend for sweet snacks in 2005. Between 2000 and 2005 the market grew by 15 percent, yet growth for the next five years is forecast at just over 4 percent.*

"The fact consumers no longer define 'snack' with such strong reference to chocolate, sweets and crisps is one factor shaping the future of the snacking industry. Traditional impulse categories such as confectionary and savory snacks are under increasing threat from new product formats—especially those consumers consider to be more nutritious."

Daniel Bone, consumer market analyst, Datamonitor

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Reader Service # 3

Sainsbury's Commits To Fairtrade, But Is It Fair For Everybody?



From December 13, 2006

Sainsbury's, the No. 2 food chain in Britain, has made a commitment to sell only Fairtrade-certified bananas. Fairtrade is not common in the United States outside of some coffee marketers, but is very big in the United Kingdom. In fact Sainsbury's was already selling about 20 percent of its bananas as Fairtrade bananas before this announcement.

Basically, the idea is that retailers will pay extra for produce that has systems set up to make sure that the extra money goes to the growers, laborers and farming community. A new company, Oké USA [Boston, MA], was set up in the United States this year, a partnership between AgroFair, Equal Exchange and Red Tomato, to bring fair trade bananas to the United States.

This is a perfect segue for our conversations about aligned supply chains on food safety. Aligned supply chains can be used to support any goal, from maintaining local open space to food safety to helping labor in developing countries.

Because food is inexpensive for most upper middle class people, they will gladly pay extra to feel better about what they are doing for the world. The Pundit would expect to eventually get a similar announcement from a company such as Whole Foods.

Alas, there is no evidence that net total good in the world is enhanced by these efforts:

Producer organizations will receive a stable price that covers their full costs of production, plus an extra \$1 per box of bananas (18 kilos) for investment, which is known as the 'Fairtrade premium'. As a key part of its commitment to Fairtrade, Sainsbury's has also strengthened its commitment to maintaining long-term relationships with Fairtrade-certified small-scale farmers in the Windward Islands and the Dominican Republic.

Fairtrade has already proven to be a lifeline for Caribbean banana-growing smallholders after years of declining incomes in the

face of cutthroat global competition. Recognizing the vital importance of Fairtrade to the whole Windward Islands' economies, Dr. Kenny D. Anthony, Prime Minister of Saint Lucia, has responded to Sainsbury's announcement saying:

"In this era of competitive global trade, small-scale farmers like ours have little or no chance of survival without the kind of market intervention that is provided through Fairtrade. Not only does Fairtrade guarantee a fair price to our farmers, but the social premium that is generated through the Fairtrade sales provides invaluable support for projects in rural communities throughout the Windward Islands".

Put another way, the Fairtrade program allows people and regions that are not competitive producers of products to keep producing them. This makes people feel good because they can be shown pictures of

Publix is the dominant local grocer down at Pundit headquarters, and the company has a more direct and sensible system for helping the world.

struggling banana farmers in Saint Lucia and be shown the good the extra money did these people.

Unfortunately, there is no way to show consumers the bananas that will not be produced in some other place and the loss that causes to the economy there. We also can't show how the premium paid for the Fairtrade product would have been spent, and who has been impoverished, in, say, Bangladesh, because they don't get a job making whatever it was that would have been bought with the money otherwise.

Publix is the dominant local grocer down at Pundit headquarters, and the company has a more direct and sensible system for helping the world. Right at checkout they have a little display, and anyone who so desires can pick out a tab that says \$1, \$3 or \$5. Throw the tab on the belt and it gets rung up like any other item. At the Pundit household, we always throw one down and are careful to explain to the Jr. Pundits its meaning and significance.

We are all in favor of helping people in a tough world, but that doesn't mean people don't have to adjust to a changing planet.

Pundit headquarters is just off Yamato Road in Boca Raton, FL. Yamato is an ancient name for Japan, and the road is named in honor of a Japanese agricultural colony in this area. The colony did well for a while producing pineapples for sale in the northeast U.S., but the Florida East Coast Railroad was eventually extended to Key West, so Cuban pineapples could be brought cheaply by boat the short distance



to Key West and then on the train north.

The Yamato colony was not viable as a pineapple growing entity.

Sure, if you pay enough we could still be growing pineapples in Boca Raton, but that would make the world poorer, not richer, and keeping banana growers in business who can't compete does the same.

From December 22, 2006

PUNDIT'S MAILBAG — FAIRTRADE FROM A EUROPEAN PERSPECTIVE

Thought a great thing to do with our last Pundit's mailbag of 2006 is feature our first letter from outside North America. It is in response to our piece analyzing the concept of "Fairtrade" in the context of J. Sainsbury's commitment to "Fairtrade" bananas:

I have been reading your Pundit since the start: sometimes I get lost reading it front to back, sometimes no more than a mere glance. My compliments to you for providing substance, thought-provoking opinions and, at the very least, waking up many.

With respect to your Pundit this morning on J. Sainsbury's announcement regarding "fair-trade" in their bananas, might I suggest reading the Dec. 7, 2006, edition of The Economist, "Good Food"?

In it are [several articles] on the merits/challenges of organic-fair-trade-food miles and local produce. In my opinion, a valuable contribution in the discussion of the above.

Marc De Naeyer,
Managing Partner,
TROFI, The Netherlands

The Pundit always listens to Marc's suggestions. Maybe it is because of his experience on the PMA board, maybe because he has great pictures [of cargo mishaps]. Mostly, though, it is because we would never cross his mother-in-law, Claire Thornton, who, among many other things, hosted *Fresh Ideas*, a television show on the Family Channel sponsored by Dole and Sunkist.

Seriously, Marc has a lively intellect and, in pointing us to the noted British publication (it calls itself a newspaper but looks like a magazine), he is finding a view not unsympathetic to the Pundit's. As the article states:

Fairtrade food is designed to raise poor farmers' incomes. It is sold at a higher price than ordinary food, with a subsidy passed back to the farmer. But prices of agricultural commodities are low because of over-production. By propping up the price, the Fairtrade system encourages farmers to produce more of these commodities rather than diversifying into other crops and so depresses prices — thus achieving, for most farmers, exactly the opposite of what the initiative is intended to do.

And since only a small fraction of the mark-up on Fairtrade foods actually goes to the farmer — most goes to the retailer — the system gives rich consumers an inflated impression of their largesse and makes alleviating poverty seem too easy.

What we didn't deal with but *The Economist* does is other shibboleths of modern society. Thinking of going organic to be environmentally friendly?

Organic food, which is grown without man-made pesticides and fertilisers, is generally assumed to be more environmentally friendly than conventional intensive farming, which is heavily reliant on chemical inputs. But it all depends what you mean by "environmentally friendly". Farming is inherently bad for the environment: since humans took it up around 11,000 years ago, the result has been deforestation on a massive scale.



But following the "green revolution" of the 1960s, greater use of chemical fertiliser has tripled grain yields with very little increase in the area of land under cultivation. Organic methods, which rely on crop rotation, manure and compost in place of fertiliser, are far less intensive. So producing the world's current agricultural output organically would require several times as much land as is currently cultivated. There wouldn't be much room left for the rainforest.

Or maybe you are just going to buy local food at farmer's markets to minimize environmental problems due to lengthy transport:

Surely the case for local food, produced as close as possible to the consumer in order to minimise "food miles" and, by extension, carbon emissions, is clear? Surprisingly, it is not. A study of Britain's food system found that nearly half of food-vehicle miles (i.e., miles travelled by vehicles carrying food) were driven by cars going to and from the shops. Most people live closer to a supermarket than a farmer's market, so more local food could mean more food-vehicle miles. Moving food around in big, carefully packed lorries, as supermarkets do, may in fact be the most efficient way to transport the stuff.

What's more, once the energy used in production as well as transport is taken into account, local food may turn out to be even less green. Producing lamb in New Zealand and shipping it to Britain uses less energy than producing British lamb, because farming in New Zealand is less energy-intensive.

Besides, these programs often contradict one another:

And the local-food movement's aims, of course, contradict those of the Fairtrade movement, by discouraging rich-country consumers from buying poor-country produce. But since the local-food movement looks suspiciously like old-fashioned protectionism masquerading as concern for the environment, helping poor countries is presumably not the point.

At holiday time when charity is on the mind, it is worth remembering that many things that make people feel good are not actually doing any good.

Marc, Vrolijk kerstfeest, and thanks for sending this our way.

pb

New Ways To Reach The Customer

Inside- and outside-the-box thinking is driving the way supermarket chains communicate with their customers.

BY LIZ PARKS



States, more advertising that heralds the availability of harder-to-find produce items, more produce items on the front page of ad circulars, more taste demonstrations to sell flavor and drive demand, and more in-store displays that increase the visibility of unique or in-demand produce items and that generate impulse sales.

There is also greater use of television to attract consumers, greater reliance on the Internet to disseminate recipes and nutritional information, more child-targeted marketing that features smaller portion sizes and popular cartoon characters on the packages and point-of-purchase aids, and even greater use of in-store nutritionists to educate consumers and guide them to healthful produce.

John Coppa, director of produce for Highland Farms Supermarkets, which operates five stores in the Toronto, Ontario, market, says

Highland Farms uses all the key media outlets to advertise produce: flyers, radio and television. "We're a full-service supermarket but we consider produce our anchor department so we give a lot of attention to produce. It's a draw for us."

Brian Gannon, director of produce and floral for the 53-unit Big Y supermarket chain headquartered in Springfield, MA, says Big Y's pro-

As more and more consumers gravitate to healthful products with high rankings in nutritional value, the frequency and types of advertising that supermarkets do for produce is changing. So are the types of produce featured in most ads.

There is more emphasis on exotic produce imported into the United

duce advertising has been “evolving over time, but now we regularly take up a whole front page with produce because survey after industry survey shows that produce is the first department customers mention when they explain why they shop where they shop. That’s one of the major reasons why we have positioned produce aggressively in our ads using television and radio as well as flyers.”

The director of produce for a large northeast supermarket retailer, who asked to remain anonymous, says the chain is now doing “less and less newspaper advertising and more and more circular advertising. Not everybody buys a newspaper so we think we are touching more people with circulars.” Even more importantly, he adds, produce is also featured on the chain’s website where the circular is replicated page by page, item by item. “Consumers can go onto the website and drill down to every item, which we think induces people to come into the department. They can also find recipes there and lots of nutritional information.”

“Survey after industry survey shows that produce is the first department customers mention when they explain why they shop where they shop.”

**— Brian Gannon
Big Y**

According to Roger Pepperl, produce marketing director, Stemilt Growers, Inc., Wenatchee, WA, promoting flavor is a definite marketing trend. “The big thing we’re seeing is promoting different flavor profiles. Rather than just advertising red delicious apples, you’re seeing retailers actually profile the flavors to help educate the consumer. It works across the whole produce department. Educating consumers to what different types of produce taste like is a huge trend.”

To address the challenge of getting consumers to read its ads, Big Y invests in paper stock and graphics that make the ads “more visually appealing” than competitors’ circulars. “As far as a visual stimulation to get people to pay attention to your ads,” explains Gannon, “I think our ads do that pretty well. The size of the ad also helps.”



Websites enable supermarkets to provide consumers with useful information that can drive sales.

Marvin Lyons, produce director for Milford, OH-based Biggs Supermarkets, a 12-store division of Supervalu, Eden Prairie, MN, believes there is a much stronger focus on produce in today’s advertising environment. “Just within the last year, we took produce off the back page and moved it — every item — to the front page.” Biggs advertises produce weekly, typically focusing on seven conventional and three organic items. “People are trying to eat more healthfully, and I think everyone in produce marketing today is trying to send the message they are focused on health and good eating.”

According to Tom Tjerandsen, marketing director, Chilean Fresh Fruit Association (CFFA), San Francisco, CA, more chains are jazzing up their food-day circulars by creating an entertaining, informative column, usually written by their consumer affairs directors or corporate nutritionist, each week featuring a specific usually topical, seasonal produce item. “There is usually information about where the item comes from, its nutritional value, how to use it, how to store it and an interesting recipe or two at the end. It’s the kind of information that builds readership for the flyers.”

John Pandol, Mexico sourcing manager, Pandol Brothers Inc., Delano, CA, says some chains are now creating multiple versions of their circulars so that stores in the same geographic market can advertise produce and other items that appeal strongly to their customer base. This means, he says, produce or meat ads can be “versionized” for clusters of stores with a large population of Hispanic customers or a primarily Caucasian base.

Veronica Kraushaar, president and founder, Viva Marketing Strategies, Nogales, AZ, notes retailers today, instead of relying on newspaper ads, are using more creative segmented promotional tools like “in-store specials, in-store radio,

unadvertised specials and much more targeted circulars that are e-mailed to specific zip codes, etc. Typically in these ads, there is a strong focus on produce as ‘the door opener.’”

Dennis Kihlstedius, president, Produce Technical Services, a Bemidji, MN-based produce marketing consultancy, and a consultant for produce groups such as the California Pear Advisory Board, Sacramento, CA, sees trends of featuring branded produce in supermarket ads and of retailers partnering with growers of recognizable brands to offer their brands year-round.

More retailers, he explains, are following Wal-Mart’s lead and advertising everyday low prices for select produce, which “creates volume on a long-term basis as opposed to people stocking up.”

In-Store Media

Supermarket retailers also are taking advantage of new forms of in-store media, such as interactive kiosks to help lead consumers to the produce aisle.

“Within the past year, we began testing some turnkey computer terminals in our stores,” relates the anonymous produce director. “Customers can walk up to the terminal and get information on products including produce. It’s starting to get more momentum behind it. We’re getting good feedback from the stores.”

According to Lyons, Biggs is testing a Healthnotes interactive kiosk in some of its stores. “Customers can walk up to the screen, punch in and, if they have high blood pressure or some other condition, it gives them a list of recommended things to eat including produce. It prints right out in the store and it’s also available on our website.” Lyons also creates informational materials to be displayed in store, often working with information or graphics supplied by his suppliers and produce associations.

IN-STORE PROMOTIONS

Milford, OH-based Biggs Supermarkets, a division of Supervalu, based in Eden Prairie, MN, has tastings and produce demonstrations every weekend, says Marvin Lyons, produce director. "And I do self-service demos during the week. We focus on new items and on apples, oranges, things that are easily done by people in the stores. I think they are most effective on the weekends. You need to get the product into people's mouths. Let them try it and see how it tastes. We also offer recipes and other pass-outs during the tastings."

Big Y Supermarkets, Springfield, MA, demos produce "on a regular basis," relates Brian Gannon, director of produce and floral. "We have our own in-store demo teams, and on a weekly basis, our in-store managers set up self sampling stations for peak-of-the-season items, new items. If you get people to taste things, the takeaway goes up quite a bit."

A 2-store supermarket chain did some in-store events with demonstrations managed by Viva Marketing Strategies, Nogales, AZ, during the Sonora Spring Grape promotion. Veronica Kraushaar, president and founder, says one store had a 350 percent lift and the other a 500 percent lift. "These were stores in Hispanic markets where people tend to buy a lot of produce so those gains came on top of an already high volume of grape sales," she explains.

Roger Pepperl, produce marketing director, Stemilt Growers, Inc., Wenatchee, WA, says many chains now offer tastings and preparation demonstrations simply because "the true driver in produce is taste. You never see anybody eating something because it's good for you, unless there is a chronic illness. People often respond to the flavor of produce by saying, 'Wow, that taste is fantastic and you know what, it's good for me, too. And I think that will continue.' People will always look for products that taste good and don't make them fat or unwell."

pb

"For the last couple of years," says Gannon, Big Y has published informational blurbs, both in its ads and on its website, "mentioning the

health aspects of the items of various produce items as well as of the items we're advertising."

Big Y also gives away recipe cards from its

website and within the store, displaying them on information racks within the produce department. "Customers are always taking those cards, and the produce managers are always replenishing them," says Gannon. Every season, Big Y changes the mix of items on those racks, which hold 46 different cards. The retailer also displays a book that is essentially a fruit and vegetable guide so "customers can look up information about various fruits and vegetables," he adds.

In a market as vibrant as Toronto, with a wide mix of ethnic cultures, Coppa says the types of produce Highland Farms advertises has changed dramatically over the years. "We advertise new exotic produce as they come to market. Pomegranates, persimmons — they've all become popular, and while these are items we've always carried, we weren't advertising them a few years ago. You have to stay up on the trends. We have more and more people coming to the city who recognize different types of exotic or imported products."

Niche-Specific Advertising

Stemilt's Pepperl believes advertising for organic products is growing and evolving into a "huge" marketing opportunity niche. "There is a lot of advertising space going to organic. Organic apple sales are way above last year, and we don't see any end in sight right now."

Many produce suppliers have new and

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SOME THINGS NEVER CHANGE

One of the best ways to promote produce, says John Coppa, director of produce for Highland Farms Supermarkets, which operates five stores in the Toronto, Ontario, market, is to be “aggressive in your merchandising and advertising and to offer competitive prices.” Highland Farms typically advertises 10 to 12 produce items a week, being very “aggressive and competitive with our pricing. We work close to costs when we go on ad with our items.”

Tom Tjerandsen, marketing director, Chilean Fresh Fruit Association, San Francisco, CA, notes it is also popular for retailers to promote produce at the 10 for \$10 price point. “There seems to be magic in that price point. You see retailers bringing multiple items from throughout the store and promoting them in produce as a 10 for \$10 special. It might be 10 avocados for \$10 or maybe 10 bags of corn nuts for \$10. It can be 10 different items, too, but all pulled together under the special value banner of 10 for 10.”

pb

unusual items that are proprietary to them, Pepperl notes. “That allows us to offer our retail customers something unique and different.” One of those niche items is an apple Stemilt markets under the brand name Piñata. The apple is from Germany, but Stemilt owns the U.S. planting rights. “It’s a way for retailers to advertise an apple that nobody else has and that you don’t see everyday.” Stemilt also owns the Stacatto brand for cherries.

Lyons explains Biggs is putting a strong focus on organic produce because it has developed into “a strong niche market. We are remodeling all our stores to put more organics in them.”

Nutrition and concerns about staying healthy and active also help to transform produce advertising and drive produce sales. Big Y has a staff nutritionist who writes a monthly magazine, *Living Well, Eating Smart*, with “lots of nutritional information in it — not just about produce but produce is always a part of it,” says Gannon.

The nutritionist also conducts store tours, works with outside groups to create more brand awareness for Big Y, writes a regular column that runs in Big Y’s ads and communicates with newspapers and magazines by writing stories about nutrition.


As the Produce For Better Health Foundation (PBH), Wilmington, DE, rolls out its new

More Matters! brand identity campaign replacing the national 5-A-Day slogan designed to get Americans to eat more fruits and vegetables, there will be “a big surge of advertising around *More Matters!*, and you’ll start to see that in January,” explains Stemilt’s Pepperl


To meet the needs of consumers trying to understand which foods are good for them, many food chains now send nutritionists or dieticians into their stores and neighborhood communities. Frequently, they give store tours that include teaching consumers how to read labels and where to go in the store to find healthful foods that meet their individual

needs. As they give information on health and nutrition, Pepperl says, “They are also giving information on product usage and recipes that make customers less apprehensive to buy things.”

Viva Marketing’s Kraushaar notes retail consumer affairs executives are “increasingly more involved in writing ad copy that describes the benefits of eating more produce. Meijer, for example, has put its hands around a promotional concept targeted to the health benefits of produce for kids, partnering up with multiple major produce companies and tying in with Disney characters. The company advertises it and does in-store promotions with handouts for



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kids. It's very integrated. And we're seeing more chains do promotions like that."

Interestingly, price, while it is important, is not the only way to attract consumers or drive sales, sources say.

"There are a couple of ways you can put a produce ad together," says the anonymous produce director. "No. 1, you put items in your ad that are going to drive traffic and sales. Then there are other items you select that are much less of a high profile but are image items that really help tell your variety story."

"These are items that can't compare to the 'A' category items in terms of return on sales,

but they help build your brand image. Oranges, for example, are eaten by everybody and they're in an ad almost every week, but then there are niche items, maybe snow peas or sprite melons or grapples, that you are trying to grow your business on. So you advertise them, build a little display and try to get the customers to sample them. Hopefully they'll like the experience and come back and try it again."

Putting Together A Circular

On average, corporate produce directors are given a certain amount of space to fill in an advertising circular and have complete discre-

tion as to which items they pick and at which price points. Typically produce directors will consult with vendors before finalizing their ads to be sure the products they picked are still fully available and at the peak of their taste appeal.

At Biggs, Lyons makes all the advertising decisions for produce, always consulting with his procurement department and produce suppliers about availability, demand and cost of goods.

Gannon makes the decisions for which produce is advertised, sets the sales price and deter-

"When customers see the department looking colorful and beautiful and well organized, they tend to purchase more and come back more often."

**— Julian Holguin
Lowe's**

mines how he wants the ad to look. "If I want a recipe in there, I can get a recipe in there."

In-store produce managers for large chains typically do not have input into corporate ads, nor do they always have much flexibility to take advantage of local seasonal buying opportunities. But they are key when it comes to merchandising the department and making sure items are well displayed and well maintained.

"When customers see the department looking colorful and beautiful and well organized," says Julian Holguin, produce manager for a Lowe's supermarket in Lubbock, TX, "they tend to purchase more and come back more often."

Most retailers plan their produce ads anywhere from one to six weeks out, but changing weather conditions and unavailability of produce at its flavor peak often means last minute changes.

Highland Farms plans its produce advertising "week to week" but with a lead-time of four to six weeks. There is always one produce item on the first page of the eight and at least nine or 11 more on the inside at the front of the circular. Coppa selects the products to be advertised and sets the price. The decision of which items to highlight in an ad, he says, is made primarily on the basis of seasonality. "What looks good at the time and what the customers want at the time."

Big Y plans its produce ads about four weeks out. "Sometimes," says Gannon, "you get beyond

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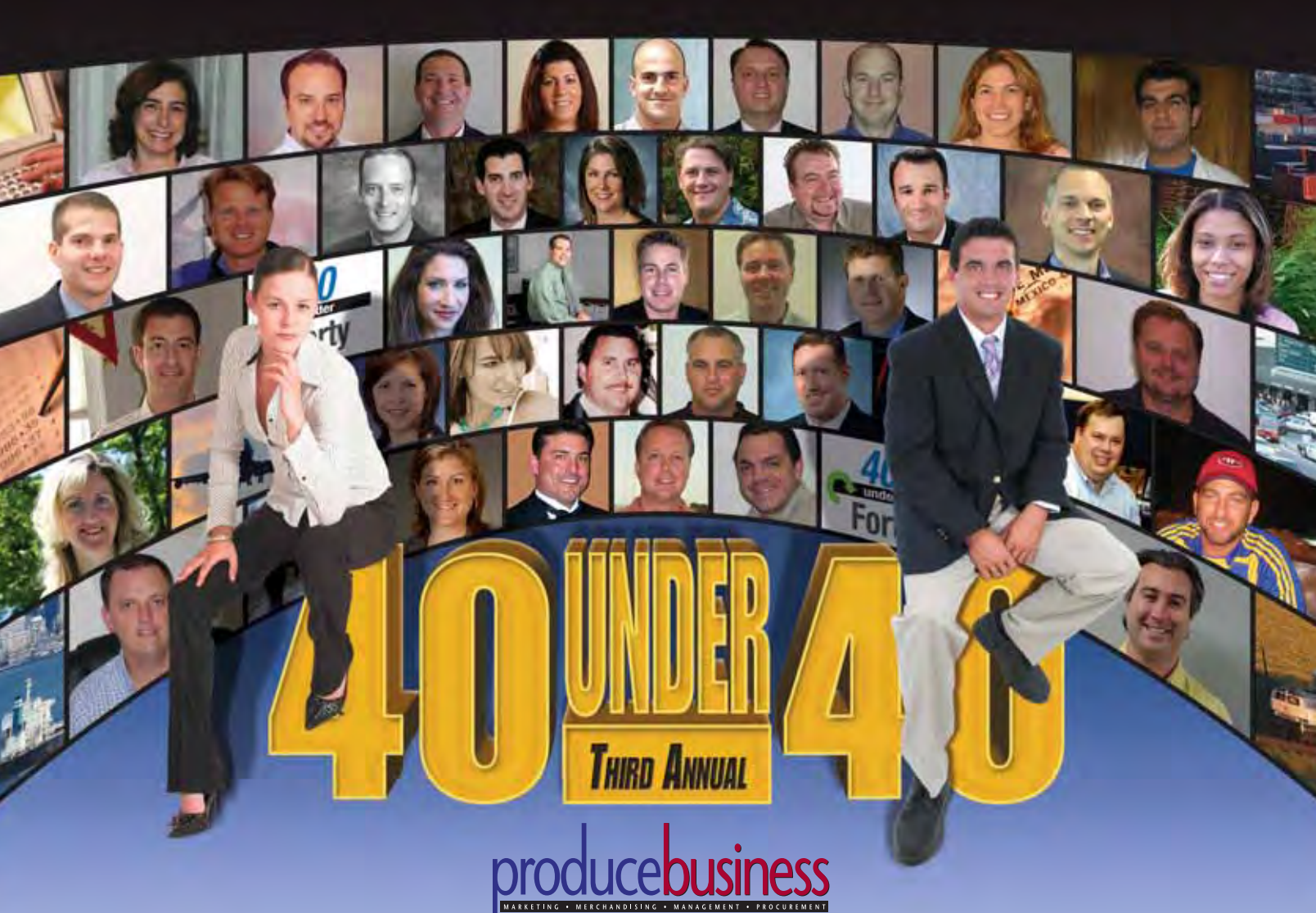
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To nominate someone, please fill out this form by April 1, 2007, and fax back to 561-994-1610.

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ABOUT THE NOMINEE:

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In 100 words or less, describe why this person should be nominated:
 (You can use a separate sheet for this)

Nominee's Professional Achievements:

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Nominator information is for our use only and will not be shared with candidate or have a bearing on selection.

For more information email: producebusiness@phoenixmedianet.com



Photo courtesy of Big Y Supermarkets

Consumers often cite produce as a reason for why they shop a particular supermarket.

“They are almost doing what I call the McDonald’s philosophy, where you cater toward children and that way you gain a customer for life.”

**— Dennis Kihlstadius
Produce Technical Services**

the final print deadline and something goes wrong with the supply, but on a regular basis, we do pretty well.”

Pandol’s Pandol emphasizes, “It is a mistake for retailers to try to lock in produce ads too far out. Some retailers look at what they did on their calendar last year and want to repeat that, plugging it in months and months in advance. But when they do that, they miss the opportunity to take advantage of seasonal opportunities, and they risk that weather conditions might change and the availability of the items they are planning to promote is now very low.”

In planning ads for produce, suppliers and associations often play a major role, advising buyers when to buy and not to buy any given item, and providing graphics and sales aids that help create incremental sales.

Gannon depends on his relationships with suppliers to insure they “don’t just send out anything on a truck. They know us, and they know what we expect. So on a regular basis, they decide whether an item is right for us or not.”

Suppliers and produce associations help

Coppa plan his ads for Highland Farms. He talks to them on a daily basis, and their input “definitely helps me know what the market is doing. And when we do go on ad, I have support from our suppliers.”

Suppliers, notes the anonymous produce director, “will tell you where your peak availability is. Before you do one thing with an ad, you check with your suppliers to be sure you can fulfill the ad. So there is an absolute communications link between the retailer and the supplier to put a successful ad together. They will also tell you when not to force something. They will tell you, ‘We don’t think this is the right time. Wait two weeks and the flavor will be much better.’”

Supplier-Generated Help

Many suppliers, wholesalers and produce associations, boards and commissions are very helpful in creating marketing and educational campaigns.

Stemilt licensed the Elmo character from Sesame Street to merchandise the healthful attributes of products such as cherries, apples and pears. “We had a big display with Elmo to promote cherries,” says Pepper, “and while it was designed to get kids to eat cherries and have fun, it was educating the moms and dads, too. There were three strong health messages on the display explaining how cherries are good for their kids.”

Produce Technical’s Kihlstadius emphasizes the growing trend to market produce to children. “They are almost doing what I call the McDonald’s philosophy, where you cater toward children and that way you gain a customer for life. You’re seeing smaller packagers of children’s size portions on displays. You’ll see marketers of the Disney brands, Nickelodeon’s SpongeBob and Sesame Street brands, etc., partnering up with growers and trade associations and with retailers.”

If he needs recipes or nutritional information or graphics, Biggs’ Lyons notes, “I usually

get them from my suppliers.”

Tjerandsen notes CFFA gets a weekly book that shows the best food-day ads from the top 150 U.S. retail chains. “We go through them one by one, and we pull out all the Chilean items that are featured, the price, how big the ad was, what descriptive copy was used, if a logo was included, all the factors that we can use to determine who is promoting well and who is not doing so well.”

CFFA merchandisers then share that information with their supplier members and with retailers “to let them know that when they do advertise whether the feature level is significantly and consistently competitive, how their advertised prices compare with the advertised prices of other retailers in their market,” he adds. CFFA merchandisers also prepare category management reports for retailers, share POS data and POP materials, etc.

Pandol Brothers makes point-of-purchase aids of all types available to its retail customers and also recommends retailers have some unadvertised specials on display every week to encourage people “to come on down every week and see what we have as an unadvertised special,” notes Pandol. “Consumers make so many purchase decisions right in the store, so to raise the perception that they can come in and see some produce on special in the store can really help drive sales.

“It’s also becoming common for retailers to strategically evaluate the performance of a promotional event after the event has ended. They are looking not just at how well each advertised item performed but also on the impact of its sales on the whole category and on whether the promotional items cannibalized sales within the category, encouraging pantry loading which keeps consumers from coming back for repeat purchases,” he continues.

Tjerandsen believes chains are analyzing not only their own ads but also the ads of competitors, “trying to determine what they were doing well and what were they not doing so well.” **pb**



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Mexican Produce: Not Just A Winter Deal

Key associations make it all happen.

BY BOB JOHNSON

(Part 2 of 2)

EDITOR'S NOTE: Please see Part 1, *Mexico Provides Year-Round Produce For Its Northern Neighbors*, in the December 2006 issue of PRODUCE BUSINESS.

Once the primary source of winter produce for the U.S. market, Mexico now offers year-round, high-quality procurement for U.S. and Canadian receivers.

The more than 100 distributor companies headquartered on the border town of Nogales, AZ, make up the bulk of Mexico produce importers, along with their colleagues on the Texas and California borders.

Nogales, AZ-based Fresh Produce Association of the Americas (FPAA) is the go-to resource for information about crop conditions and crossing status of several dozen Mexico items comprising around 200,000 truckloads a year. The organization also plays a key role in legislative and other issues of import to this industry and community.

FPAA is a non-profit association of family-run businesses. Founded in 1944, the organization helps member companies grow, harvest, market and import fresh produce from Mexico. In addition to offering point-of-sale promotions to retailers, FPAA has a wealth of information on Mexican produce on its website.

Most of the border distributors and their suppliers belong to this popular organization. The FPAA has also launched a retailer outreach program called Fresh from Mexico, designed to reward retailers who promote during the season.

Another key player is the public/private partnership of *Mexico Calidad Suprema* — in English Mexico Supreme Quality (MSQ) — headquartered in Mexico City, Mexico. This group is charged with establishing and ensuring adherence of strict quality and sanitation guidelines with grower companies all over the country.

MSQ programs follow four key procedures: selection (of growers to certify), certification, award of completion and control. Once a grower successfully passes the rigid requirements, the grower is awarded a special seal approved by the Mexican Government for use on pallets and packages stating *Mexico Supreme Quality*. The goal of the seal is for quick identification by receivers, thus building value for the certified commodities.

MEXICO YEAR-ROUND

Not that many years ago, produce from Mexico was limited almost exclusively to a handful of crops that could be grown during the winter in the warmer temperatures south of the border when the weather had turned too cold for production in the United States.

Tomatoes, peppers and a handful of other crops were shipped from the warmer areas of Mexico for just a few months. When U.S. weather began to warm in the spring, the shipments from Mexico largely stopped until the next year.

But that has all changed. Over the years, the North American Free Trade Agreement (NAFTA) has steadily made the border irrelevant, and today a wide range of crops is shipped virtually year-round from Mexico to the United States.

"The rise in greenhouse production in some regions, as well as favorable climates in Baja California and other states during the summer and early fall, mean that Mexico is able to supply product all year long," according to Allison Moore, FPAA communications director.

"Additionally, the state of Sonora is home to an important table grape growing region from May through July. These are some of the first fresh grapes available starting in the spring. Mexico is also the leading supplier of mangos to the United States from March to September," she continues.

"Mangos are native to warm, humid climates, which is why U.S. production of mangos is limited to the states of Florida, California, and Hawaii,"



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says Sandra Aguilar, marketing manager, Ciruli Brothers, LLC, Rio Rico, AZ. "However, the majority of the mango supply consumed in American homes is imported from our southern neighbor, Mexico."

THE ULTIMATE SEASON EXTENDER

To a great extent, the expanded agricultural exports from Mexico begin with the country's ability to extend the season, and nothing extends the season like greenhouse production. The greenhouse makes it possible to control the environment and produce

some crops virtually any time of the year.

Mexico has tremendous advantages when it comes to both the availability and the cost of the labor, energy and land needed to expand its greenhouse industry.

"Mexico has large areas where they can put up more greenhouses without any problem," says Fried De Schouwer, president, Greenhouse Produce Company, Vero Beach, FL. "We're talking about superior quality compared to U.S. field-grown produce. When you talk about U.S. greenhouse-grown produce, the product from Mexico is comparable in quality and consistency."

Greenhouse Produce was formed in 2005 with an emphasis on shipping greenhouse vegetables from Mexico. De Schouwer was brought on board as president after 14 years as Eurofresh's vice president of sales and marketing. During his tenure there, he oversaw the company's sales growth from \$3 million to more than \$85 million.

"Produce out of Mexico used to mean winter crops out of western Mexico," De Schouwer explains. "The development of the greenhouse industry means they can produce good quality on a consistent basis, and on a year-round basis."

The greenhouse industry in Mexico has grown substantially, and he believes Mexico is well positioned to become the dominant greenhouse producer in all of North America. "The greenhouse industry in Mexico is expanding at an incredible rate. The greenhouse vegetable industry used to be dominated by the Canadians, who were following the Dutch. We're going to see the Mexican growers step up to the plate and dominate the greenhouse industry."

When asked how long it will take the Mexican greenhouse growers to rise to the top, De Schouwer says, "A couple of years, maximum."

Among the many advantages that controlled environment production offers to Mexico are the abilities to provide high-quality produce and to carefully monitor health and safety issues. "With a greenhouse you have advantages on the health and safety issues," says George Gotsis president, Omega Produce Co., Inc., Nogales, AZ. "The greenhouses are like going into a sterilized environment. You don't have white flies or other pests on the plants."

"There are excellent health and safety safeguards," he continues "There is third party certification at field and shed levels."

When Emilio Gotsis founded Omega Produce Co. in 1950, the firm was one of only a dozen distributors of Mexican produce in existence. George Gotsis, present owner and brother of the founder, joined the company one year after it opened its doors.

Omega brings in beefsteak and Roma tomatoes, cucumbers, red and green bell peppers, Italian squash, Japanese squash (also called cabochon), watermelons and eggplant. Gotsis believes there are still very good opportunities for produce from Mexico after the winter season.

AS THE SEASONS TURN

Many U.S. grower/shippers who deal with field-grown produce also use product from Mexico to extend the season beyond what is possible in even the warmest U.S. climates.

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Reader Service # 1

Many of the U.S. firms that ship from Mexico in the winter just change crops as the seasons turn. "There are many products during the spring and summer months," notes Gonzalo Avila, business manager, Malena Produce, Inc., Nogales, AZ. "Product is grown in different regions like Baja California to supply those months."

Juan B. Stamos, a young Greek immigrant who came to Mexico and started Agrícola San Isidro de Culiacan, SPR, founded Malena Produce in 1953. The firm started operations in Nogales in the early 1970s to market the Stamos family's products and provide premium Mexican produce from other regions all the way to the supermarket shelves and restaurant plates in the United States and Canada, using strict quality assurance standards.

Tomatoes and cucumbers are important year-round, according to Avila. Squash and melons are important from fall to spring, bell peppers and eggplant are important in winter and spring, and large quantities of table grapes are shipped in May and June.

"Product from mainland Mexico continues through the spring, and the Baja California deal goes all summer and into fall," relates Nick Rendon, Nogales division manager for The Giumarra Companies, based in Los Angeles, CA. "The products are very

equivalent to U.S. products."

The Mexico deal used to be just a few months but has extended into the summer as distributors in the United States meet the 'full-service' requirements of chains, according to distributors.

"We do grapes in May, June and July," says John Pandol, Mexico manager, Pandol



Brothers, Delano, CA. "Twenty percent in May, 60 percent in June and 20 percent in July."

Pandol Brothers, which began growing and shipping fruits and vegetables in 1941, has changed with the times. The small family farm has grown into a worldwide, fully

integrated operation including growing, packing, cold storage, importing and exporting of fresh fruits and vegetables. During the winter season, the company imports fresh summer fruits from Chile and Mexico. The Pandol family owns farming operations in both Mexico and Chile and enlists some of the best growers in those areas.

"Our focus is 40 days in the desert — the last 5 days of May, 30 days in June, and the first 5 days in July, although we typically sell Mexican grapes for 60 to 80 days," Pandol explains. "In this time frame, we have handled storage Chilean produce, Sonora, Arizona and Coachella Valley grapes, and early San Joaquin Valley grapes."

Mexican avocados are also very important after the winter season, according to Chris Damon, president, Damon Distributing, Nogales, AZ. "The quality, health and safety safe guards are probably equivalent or better," he says.

In 1990, Chris and Michael Damon turned the tool shed in their parent's backyard into an office, bought a pickup truck and began selling produce to the local stores around Southern Arizona. The two also did quality assurance work in Nogales and California for various produce firms. Their other brothers, Steve, Jack and Ken Damon, were all gaining experience working in different

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"Mexico ships year-round, though volumes are lighter in the summer," says Jason Stemm, account group supervisor at New York, NY-based-Lewis & Neale Inc., a communications agency devoted exclusively to the marketing of food and beverages and which represents APEAM, the growers, packers and exporters of avocados from Mexico. "Cinco de Mayo is a great time to promote. People are looking for everything Mexican, and it is a big day for avocado and guacamole sales."

Mexican avocados will soon be sold everywhere in the United States every day of the year, according to Stemm. "The USDA [U.S. Department of Agriculture] has closely monitored Hass avocado imports from Mexico over the past decade as the shipping period and approved states that can sell avocados from Mexico has expanded to include all 50 states 365 days a year, as of Feb. 1, 2007, without finding any problems with health and safety."

Mexican-grown produce can expand the season, but there remains uncertainty over supply at the beginning and end of the season. "The challenge has been in both supply and demand volatility," Pandol's Pandol says. "Growers or marketers buy materials for a 'program' that never works out quite like the agent pitches it. One of the big problems at the end of any season is what to do about the leftover inventory."

Retailers would do well to remain flexible in their supply expectations. They would also do well to build relationships with suppliers who can supply them with information as well as produce. "There is a very small and unpredictable window," Pandol says. "Some agents get run out of town, so the ultimate buyer has to find some new intermediary. The other interest is in value packs, but grower interest has been weak. Everybody wants to sell half of their crop to the top 10 percent of the customers."

THE MAJOR SOURCE

Texas is steadily shifting from a produce-growing area to being a produce shipper of fruits and vegetables from Mexico. Some of this produce represents newly popular items that U.S. growers have never grown on a large scale.

"We are the largest importer of some items that are not produced anywhere in the United States, like mangos and papaya," says John McClung, president, Texas Produce Association (TPA), headquartered in Mission, TX.

15 Favorites From Mexico

Long gone are the days when Mexico was a source of tomatoes, peppers, avocados and not much else. The lands below the border have become fully integrated with southwest agriculture, and Mexico supplies a large and increasing variety of products. Here are 15 produce items you can count on from Mexico, and their seasons of peak availability, according to the Fresh Produce Association of the Americas, (FPAA), Nogales, AZ.

Avocados, which are native to Mexico, are available year-round, with peak harvest from November through April. Mexico is the largest producer of avocados in the world, according to FPAA. In 1519, Spanish explorer Hernando Cortez took avocados to Europe, where they became a mainstay in Spanish cuisine. All Mexican avocados come from orchards located around the historic city of Uruapan in the state of Michoacan. The soil and climatic conditions in this region are perfect for growing especially rich avocados that have more beneficial oils, and therefore more flavor, than many other avocados.

Bell peppers are available year round, with peak harvest from November through May. Mexico offers many varieties of sweet bell peppers including the common green, red, orange and yellow varieties, as well as the often hard-to-find purple and gold peppers that are growing in popularity with the American public. In addition to steady supplies of field-grown crops, hothouse bell peppers are grown year-round throughout Mexico. The states of Sonora, Sinaloa, Baja California Sur and Jalisco produce the largest output of high-quality crops.

Berries are available the first six months of the year.

Chili peppers are available year-round, with peak harvest from November through June.

Citrus is available from Mexico in abundance 12 months of the year.

Cucumbers are available year-round, with peak harvest from October through April. Mexico has been providing the American public with delicious varieties of cucumbers for decades. From pole-grown to hothouse English and pickling cucumbers, Mexico is known as a top provider of winter cucumbers to the United States. However, what some may not know is that Mexico has near year-round cucumber availability, with hothouses in the states of Sinaloa, Sonora and Jalisco producing crops.

Sonora, Sinaloa, and Baja California are

providing retailers with top-quality field-grown varieties throughout the year.

Eggplant is available from October through May, with peak harvest from November through April. Mexico is the largest supplier of eggplant in North America, exporting almost 90 million pounds each year.

According to FPAA, a majority of eggplant in Mexico is grown in three states — Sinaloa, Sonora and Baja California — and is readily available from October to July.

Grapes are harvested in May, June and July.

Green beans are available year-round, with peak harvest from November through April.

Mangos are in good supply from March through September.

Melons are in good supply from October through June.

Onions are available year-round, with peak harvest from April through July.

Squash are available year-round, with peak harvest from October through May. More than 400 million pounds of squash are exported each year,

Tomatoes are available year-round, with peak harvest from November through May. Mexico offers an array of quality tomatoes. From vine ripened and grape to cherry and plum/roma tomatoes, Mexican tomatoes are always an option. Mexico is also one of the largest producers of popular hothouse tomatoes and is offering organic and specialty tomatoes as well. In meeting consumer demand, Mexico has a year-round growing cycle, delivering nearly 1.6 billion pounds of tomatoes annually.

In addition to year-round greenhouse operations across Mexico, several Mexican states — including Sinaloa, Sonora, Baja California, and Baja California Sur — produce some of the best field-grown tomatoes available in the market today.

Watermelons are available year-round, with peak harvest from October through June. The United States and Canada rely on watermelon supplies from Mexico for quality and availability during many months of the year. All sizes in both seeded and seedless varieties are harvested in several states throughout Mexico.

The diversity of growing areas ensures consistent supplies even if localized weather events periodically affect volumes from specific shippers. Some of the largest watermelon-producing states in Mexico are Sonora, Sinaloa, Colima, Jalisco, and Nayarit. **pb**



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What Is MSQ?

The Mexico Supreme Quality Program (MSQ) is a unique private/public partnership that involves the Mexico Ministry of Agriculture (SAGARPA) and the country's foreign trade bank, BANCOMEXT, along with other agencies and agricultural groups. In short, the Program ensures that selected Mexico producers meet the strictest regulations for exporting.

The procedures followed by the MSQ program are familiar by most North American produce buyers today and include all Good Agricultural Practices (GAP) and more. The multi-step process includes the following specific activities:

- **Selection.** This procedure involves the MSQ identifying the Mexico-grown products that best meet export demand, as well as stringent food safety and sanitation practices.

- **Certification.** The growers or shippers selected for the program agree to follow GAP measures as well as those required by Mexican regulatory and sanitation agencies. They also undergo extensive field, packinghouse, and transport audits performed by renowned independent research groups such as Primus Labs, Scientific Certification Systems (SCS) and others. **pb**

— Source: Mexico Supreme Quality

The TPA was created in 1942 by a group of industry leaders who shared a vision to expand the Texas produce industry. In 1996, in response to the evolving needs of the members, the scope of TPA was expanded to address the problems and opportunities surrounding the importation and marketing of foreign-grown produce. In 1998, it was the consensus that an organized, generic promotional and advertising program was essential to the economic future of the industry. The citrus segment of the association's membership had an established, well-funded advocate in TexaSweet Citrus Marketing, Inc., Mission, TX, which continues to represent the industry to this day. TPA member companies include growers, domestic, import and specialty shippers, distributors and material and service providers.

Mexico has become nearly the only source of some produce items that were once grown on both sides of the border. "Mexico has enormous resources," TPA's McClung says. "They have land, they have water and they have labor."

Those advantages mean growers can provide year-round production of certain produce items at a lower cost than those grown domestically.

"Mexico produces all year, although they may or may not supply the U.S. market in any given product," says Pandol's Pandol. "Our biggest challenge on the back side is that during summer throughout the United States and Canada, local products come into production and displace the 'off season' or year-round products. From the 4th of July to Labor Day, consumers in the United States and Canada are enjoying local produce, either at local stores, seasonal farmers markets, their own gardens or U-pick farms, and this is a beautiful thing."

Before U.S.-grown grapes become available, consumers can enjoy fresh product

from below the border. "Our biggest challenge coming into the front part of the Sonoran grape deal is trying to manage the transition with southern hemisphere grapes," Pandol says. "Chileans have a poor track record of predicting how much fruit we need to market in April, May and even June. The early part of the desert deal is characteristically volatile. Stores that want to program ads too far in advance have a tough time benefiting; somebody needs to bring a new form of just-in-time logistics to the produce department planning. After the winter, and especially after a lot of Chilean storage grapes, which should have never been stored, everybody is really excited to start with Mexican grapes."

Limes have long been very important in Mexican agriculture. While lemons are rarely consumed in Mexico, limes are very popular. In recent years, lime growers in Mexico have expanded their production to serve nearly all of the U.S. market. "Our lime imports from Mexico are two to three times as much as our entire citrus production," McClung says about Texas.

Mexico is the largest supplier of eggplant in North America, exporting almost 90 million pounds each year. Eggplant is not commonly consumed in Mexico, and most eggplant is grown for export to the United States and Canada. Mexico supplies several varieties of eggplant in addition to the traditional oval-shaped large eggplant, including Chinese, Italian and Hindu eggplants.

According to FPAA, honeydew melons are harvested during the fall and spring in the Hermosillo and Caborca regions of Sonora. From October through December and April through July, steady volumes of Mexican melons are available across the United States and Canada. Several growers in the Hermosillo and Guaymas regions of Sonora are certified to export cantaloupes to the

United States.

More than 400 million pounds of squash are exported each year, Mexico is a one-stop resource for retailers looking to buy all types of squash — including Italian zucchini, yellow straight or crookneck, gray squash, a popular squash with Hispanics, as well as acorn, spaghetti, kabocha, banana and butternut hard-shell varieties.

Sinaloa is host to one long growing season for squash of all varieties. The regions of Los Mochis, Guasave and Guamúchil begin in mid November and continue through the end of April.

Sonora benefits from two distinct growing seasons in the regions of Guaymas, Hermosillo and Obregón. Moderate temperatures and lots of sun make Sonora a quality provider of squash from the middle of September through the first part of November. Squash from Sonora starts again in March, continuing through May.

As the Sonora season comes to an end, Baja California starts to export squash from early June through October.

The United States and Canada rely on watermelon supplies from Mexico for quality and availability during many months of the year. In the Hermosillo and Obregón regions of Sonora, watermelons are harvested during fall from October through December. In the spring, peak volumes of Mexican watermelons are available in April and May. With market conditions permitting, watermelons can continue through June.

Further south along Mexico's Pacific Coast, the states of Colima, Jalisco, and Nayarit harvest steady supplies of watermelons for export the United States and Canada. The peak for these quality watermelons is late November or early December through March; reliable volume can continue through April, until the beginning of the Sonora and Sinaloa seasons.

"The Mexicans are doing all the right things with regards to quality, health and safety," Pandol says. "This applies to grapes and everything else. There have been some concerns lately after the various vegetable problems. When the problems occurred, top-end Salinas companies with the best food safety programs on the planet got treated as poorly as the small dirt farmer in Jerkwater who thinks safety is a device on a gun to prevent the trigger from firing. The assumption that a solid food-safety program will inoculate a grower, category, region or country from negative repercussions is being seriously challenged by buyer behavior. The Mexican industry is absolutely ready to step up to any challenge, but the retail and food service sectors are sending some very mixed signals." **pb**

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Chilean Fresh Fruit Continues To Improve

Fresh fruit from Chile makes it possible for retailers to offer their customers quality year-round.

BY BARBARA ROBISON

Chilean fresh fruit is making its mark in U.S. and Canadian produce operations.

Imports have jumped from 555,219 metric tons in 1999-2000 to 841,548 in 2004-2005.

"Retailers can generate a lot of excitement when they conduct a major Chilean fresh fruit promotion at the beginning of the season. It works well, just as it does for the domestic fruit crops when the earlier fruit appears in the market," says Tom Tjerandsen, marketing director, Chilean Fresh Fruit Association (CFFA), Sacramento, CA.

Creating a sunny atmosphere with fresh fruit from Chile during the winter can be effective. Dionysios Christou, vice president marketing, Del Monte Fresh Produce, Coral Gables, FL, believes Chilean fruit affords retailers an opportunity to create a destination. They can display a variety of Chilean items, such as fruits, wines and fish, to create excitement. "By leveraging this opportunity, retailers can cross-promote items and drive sales."

Scott Streeper, director of produce and floral, Scollari's Food & Drug Company, Sparks, NV, an 18-market chain, likes to display Chilean fruit in a section by itself. A separate section lends itself to special Chilean promotions. "There has been steady improvement in quality because the tree fruit importers in the United States are reconditioning the fruit."

Marianne Duong, communications manager, Dole Fresh Fruit Company, West Lake Village, CA, says, "By creating a display using products from Chile, the consumer becomes aware of the product's country of origin."

CFFA offers a range of marketing tools to help establish a Chilean theme. Bin-wrap banners, price cards and other point-

of-purchase materials are available to call attention to the wide selection of fruit from Chile.

"We merchandise Chilean fruit within the categories. We use some Chilean Fresh Fruit Association materials, such as price cards, along with our own signage and POP items," says Paul Kneeland, director of produce and floral, Roche Brothers Supermarkets, a 17-store chain based in Wellesley Hills, MA.

CFFA provides not only colorful POP materials but also brochures to help retail produce personnel do a better job of understanding and merchandising the fresh fruit from Chile. The *Handle with Care* booklet offers guidelines to maintain maximum Chilean fruit freshness. It recommends specific storage temperatures and relative humidity for each fruit variety. Misting is not recommended for any of the fruits, nor is freezing. Other handling suggestions are included for each variety.

The *Proven-Effective Merchandising Tactics* brochure includes ideas to maximize profits, add excitement, color and variety, and boost impulse sales of Chilean fruit. Using waterfalls and floor and end-aisle displays can convey a sense of freshness and appetite appeal. Chilean fruit is fat-, sodium- and cholesterol-free and high in vitamins, so promoting the health benefits can increase sales. The organization's POP materials available emphasize the *5-A-Day* health message.

The *2007 Fruit Merchandising & Sales Promotion Program* brochure contains visuals and descriptions of the many ways CFFA can help retailers build customer appeal and crop movement. Sales-generating giveaway recipe folders are available in English, Spanish and French. A retail tag program for spot market TV ads and a POP In-Store Radio Network program, plus an advertising, photos and line art CD of ready-to-use advertising and merchandising ideas are other retail promotional tools offered.

Foodservice is becoming increasingly important to the Chilean fresh fruit industry, according to Tjerandsen. CFFA works with foodservice buyers to keep them informed about the supplies of the many



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Chilean fruit varieties. Dole offers special programs to foodservice accounts, including both customized packaging and logistics/delivery services. Del Monte includes grapes in its fresh-cut kits, fruit for bakery applications and salad kits where appropriate.

VARIETIES AVAILABLE

The Giumarra Companies, Los Angeles CA, imports grapes, stone fruit, apples, pears, kiwifruit, citrus, cherimoya, cherries and other items from Chile and distributes them nationally. According to Hillary Brick, vice president of marketing, "Because we are growers first, we have a unique understanding of the relationship between growers and customers. This is at the root of our longstanding partnership with their exporters and growers in Chile and one of the reasons our business has continued to grow."

"Cherries, grapes and stone fruit are the earlier Chilean fruits we import and later we'll be into apples, pears and citrus for distribution across the United States and Canada. If our customers need POP material we provide it from the Chilean Fresh Fruit Association," says Peter Kopke, president, William H. Kopke Jr., Inc. Lake Success, NY.

Jac Vandenberg, Inc., Yonkers, NY, imports grapes, berries and stone fruit from

Chile for distribution throughout the United States and Canada. "The fruit comes in primarily by vessel, but we do bring in berries and stone fruit by air for customers wanting it. Some Chilean Fresh Fruit Association POP materials are used in our marketing programs," reports Brian Schiro, category sales manager.

Kingsburg Orchards, Kingsburg, CA, handles Chilean pluots, Asian pears and white and yellow peaches and nectarines, marketed under the C&D and Unifrutti labels. "We bring the fruit in by vessel and air, with about 25 percent of the business by air for customers who request it. One reason we've seen a real growth in the business is that the Chilean industry is focusing more on flavor and varietal selection," says company director John Hein.

Fisher Capespan, Inc., St. Laurent, QC, imports primarily grapes, apples, pears and selected stone fruit from Chile. "We know many of the ripe-and-ready-to-eat stone fruit programs have not been too successful due to flavor and texture problems. Our focus is on quality, and we want to assure our customers that if we market the stone fruit as ripe-and-ready-to-eat, it is the real thing," states Andrew Southwood, vice president of development.

Brick adds, "A big part of our volume

comes from vertically integrated companies in Chile. In this way we are able to better control the pack in order to meet the requirements of our customers. Giumarra will offer a full line of apple and pear varieties including Royal Gala, Braeburn, Fuji, Granny Smith and Pink Lady apples and Bartlett, Packham, Bosc and Asian pears."

"The Chilean kiwi season will begin around mid-March and we will have good volumes for both East and West Coast markets right through to the beginning of domestic fruit again next October," she adds.

HANDLING, STORAGE AND DISPLAY

Sweet-N-Ripe is the Dole preconditioned stone fruit program for peaches, plums and nectarines. "Proper handling and storage temperatures are key to providing customer satisfaction. We can do everything right, but if it is not stored properly, the process is lost," says Duong.

"One of the problems we see in merchandising Chilean fruit is building displays bigger than the market can move in a timely manner. Also, it is important to keep the products fresh looking with proper culling, especially toward the end of the season. The bags of grapes should be closed so that the display looks more attractive and loose

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Quality Control

Quality control is top of the mind with retailers and their suppliers as they try to provide year-round supplies of fresh fruit. "Many retailers worry about global weather conditions and how the supply of quality fruit will be affected. They also are concerned about quality when there is an oversupply of fruit. We work to keep them apprised of conditions in the growing areas and we focus on quality control to reassure our customers. The Chilean Fresh Fruit Association [Sacramento, CA] has been very helpful to us," states Andrew Southwood, vice president of development, Fisher Capespan, Inc., St. Laurent, QC.

"The quality control in Chile has improved a great deal. The growers are using agricultural practices similar to those in California and they are also using a lot of European technology in the packing facilities," says John Hein, director, Kingsburg Orchards, Kingsburg, CA.

According to Scott Streeper, director of produce and floral, Scolari's Food & Drug Company, Sparks, NV, "Quality control is extremely important, because food safety is a hyper-sensitive issue with consumers, and any problems seem to become much bigger with all the media coverage that occurs. Food-safety controls have improved dramatically, but it takes time to build back consumer confidence when a problem does occur."

As an exporting country, Chile is mindful of how important it is to follow Good Agricultural Practices (GAP). This involves a series of actions relating to the safety of the food (biological and chemical risks), corporate social responsibility and environmental practices. Today, participation is voluntary, but Chile had the first program in the world to be implemented at a national level.

"Our fruit is grown in fields chosen specifically for climate conditions and soil composition, and it is carefully harvested and packed to exceed GAP, EUROGAP and USDA requirements," states Dionysios Christou, vice president marketing, Del Monte Fresh Produce, the Coral Gables, FL. **pb**

grapes don't fall and cause customer slip-pages," states John Pandol, retail auditor, Pandol Brothers, Inc., Delano, CA, and director of Agrofrio, the sister company in Chile.

CFFA recommends never moistening or allowing grapes to get wet while on the shelf nor should the fruit be put in direct contact with ice or frozen products. Grapes should be placed on a clean, soft surface, and to maintain quality and freshness they should never be packed in more than two layers. Alternating the green, red and black varieties will provide more appeal in the display.

Roche Bros' Kneeland notes, "Grape flavors are alright, but the industry could focus more on the flavor profile for the tree fruits and work on the brix levels to improve customer satisfaction. Also, for the U.S. market, we could use fruit with bigger sizes."

"Of the Chilean fresh fruit exported to the United States, more than half are grapes," says CFFA's Tjerandsen. The season begins in November with Perlette, Sugraone, flame and Thompson seedless. Red globe and crimson seedless bring the season to an end in May. The recommended storage temperature is 32° F (0° C) with 90 to 95 percent relative humidity. Grapes should not be stored with produce items with strong aromas because the grapes will absorb their smell.

Del Monte's Christou stresses proper stock rotation, maintaining the cold chain and proper merchandising. He recommends a good category management program to optimize SKU revenues and margin performance. This should include sharing scan data with suppliers so item and category

performance can be assessed and optimized, as well as continuous data analysis, evaluation and improvement.

PACKAGING OPTIONS

Packaging can effect food safety and consumer perception of the fresh fruit product. Christou says packaging is an area of constant innovation at Del Monte. Presently, the company is looking into packaging options but has not launched anything new.

Dole is offering a variety of packaging selections, including different types and sizes of clamshells for grapes, different bag types and sizes for apples and avocados and specialty packs for pears, according to Duong.

Most of the fruit imported by William H. Kopke Jr., Inc. is packed in poly bags, but the company does have some special packs of boxes and bags.

Pandol's Pandol states, "The downside of the grape packaging from Chile is that the bags tend to be of poor quality. The plastic is not clear enough, sizes are too small and the closures don't work. Many of the grape bags aren't closed properly, and when they get on a retail display, the grapes come loose, affecting customer appeal. One market I noted had signage at the grape display suggesting customers be sure to put the bagged grapes in a bag from the market."

Pandol believes the industry needs some good shrink data not driven by the packaging firms. "There needs to be a greater analysis of handling and storing practices regarding shrink, so the industry has some base lines to work from." **pb**



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Reader Service #35

INDUSTRY POLL

What's In Store For Clamshell Packaging?

Industry leaders discuss the future of this popular form of packaging.

BY JAN FIALKOW

PRODUCE BUSINESS recently polled members of the produce packaging industry to discern their viewpoints on several issues important to both the industry and society in general. The respondents were told their names would appear as having participated in the poll but their comments would remain anonymous.

The following represents some of their feedback.

Q. What do you see as the future of the clamshell industry?

100% It will continue to grow as more produce items are put in clamshells and mainstream chains offer larger packages to compete with club stores and super centers.

"'Multi-packs' for produce items allow the retailer to direct the consumer to 'buy up'. Clamshells allow for labeling, marketing, UPC bar codes, greater food safety, less handling of product in supply chain."

"Consumer convenience will continue to drive clamshells at retail."

0% It is a mature market that has basically stabilized.

0% It will start to diminish because so many chains are opting for "farmer's market" and/or bulk displays to differentiate themselves from the competition.

Q. With the price of corn-based packaging materials becoming more reasonable as petroleum prices soar, what are the chances of abandoning traditional plastic in favor of renewable-source plastics?

67% There will always be a place for the traditional plastic clamshell.

"There are many technical issues separating these two materials. There will always be a place for both. Supply and demand *will* moderate plastics prices over the next 12 months."

"It still requires large quantities of petroleum-based energy to manufacture PLA materials. Also biomass stock will see increasing pressure to be converted to ethanol for auto fuel, which will push the price of PLA higher."

"They are recyclable and as facilities become more savvy with various plastics, we can and will continue using petroleum based packaging. Renewable source plastic also plays a role for certain items."

"The corn-based will probably not be able to replace the oil-based clamshell — both in terms of function and in terms of volume. Also, many like the recyclability of PET better than biodegradable PLA."



Participants: Michele Quirk, Genpak, Glen Falls, NY; Pam Corba, Inline Plastics Corp., Shelton, CT; Dave Sexton, Maxco, Parlier, CA; Don Ogden, Norseman Plastics, Ltd., Toronto, Ontario; Jeanne Clark, Pactiv Corp., Lake Forest, IL; Larinda Becker, Reynolds Food Packaging, Lincolnshire, IL; Tony Cadiente, Sambrailo Packaging, Watsonville, CA; Jim Scattini, Sambrailo Packaging, Watsonville, CA; and Kurt Zuhlke Jr., Kurt Zuhlke & Associates, Inc., Bangor, PA.

"The raw materials on renewable basis are in flux and dependent upon petrol swings."

"Prices of petroleum based products are coming down now."

22% Petroleum prices will have to reach significantly higher levels before this becomes a point of discussion.

"The cost of petroleum vs. renewable source plastics extends far beyond the resin or clamshell price. Only by looking at total system costs can one determine future viability. Total system costs need to look at manufacturing and logistic costs thru product impact. Today we are only beginning to understand the costs for existing corn-based materials."

"Price drives the market."

11% Petroleum prices are so high now that renewable-source plastics are the most likely route for the future of the industry.

"The traditional clamshell will last for a short period of time unless they can be recycled. Suggest the industry consider lending a grinder to each retail store to solve the problem. If they ban plastics, it will be too late."

Q. How can clamshells play a role in the food safety discussions?

78% They can lead the way by providing tamper-resistant and/or tamper-proof packaging.

"The consumer needs to know that once food has been properly and professionally processed, it can be protected from further interference through the supply chain."

"Tough to accomplish in produce with venting."

"As is evident in one Safe-T-Fresh™ line with the Safe-T-Gard™ tear strip hinge, which provides tamper resistance."

11% They can play a supporting role as long as consumers realize they are not a panacea for all problems.

"Tamper evidence addresses a small piece of the food safety puzzle. It cannot protect consumers from poor quality prod-

uct. In the bigger picture, clamshells can participate by assisting in product recalls through application of source IDs."

11% Since they cannot offer support in the foodborne illness arena, their role will never get larger than it is now.

"Over-labels and clear band applications assist along with proper date labeling and handling by the produce manufacturer."

Q. How can clamshells satisfy the needs of environmentally conscious consumers?

56% These consumers can be convinced of the value of clamshells if suppliers and retailers embark on a comprehensive educational initiative.

"The majority of clamshells used for produce are made from APET, RPET or PLA, all of which are 'sustainable'."



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"Protection of commodity = more produce from farm to table. Longer shelf life = less waste at retail."

"Many clamshells are recyclable and responsible consumers know this by looking at the material symbol."

"Education is the key to consumer confidence and awareness."

"The PET clamshells are recyclable and in the mind of many 'greens', a superior option."

22% Most consumers are more concerned about convenience and food safety, so the environmental issue is not one that needs to be addressed aggressively.

"Unfortunately, there are no easy answers. The truth behind environmental impact of packing materials cannot be told in easily digested sound bites. There is a cost-benefit to all packaging options. Each one differs in terms of where it most severely impacts the environment."

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Polystyrene Ban

According to various newspaper reports, San Francisco, CA, is scheduled to ban polystyrene — also known as Styrofoam — foodservice products on June 1, 2007. Other cities that have already executed the ban include Oakland, Santa Monica and Berkeley CA, and Portland, OR. The ban is intended to reduce litter and landfill clutter on the local level and cut down the use of polluting chemicals used in polystyrene manufacture on a more global level.

The ban adopted by the San Francisco board of supervisors requires the banned items be replaced with biodegradable/compostable or recyclable products as long as the price does not exceed 15 percent over the cost of existing products. Banned items include disposable plates, bowls, trays, containers, cartons, utensils, cups and lids designed for single use and for takeout foods and leftovers.

The city's restaurant industry generally supports the legislation, with most restaurant owners now using alternative foodservice products. Since the Golden Gate Restaurant Association, San Francisco, CA, supports the measure, it seems unlikely that either the California Restaurant Association, Sacramento, CA, or the Polystyrene Packaging Council, Arlington, VA, both of which oppose the measure, will mount a legal challenge.

First time rule-breakers could receive a \$100 fine. Second-time offenders in the same year could be fined up to \$200, and \$250 for each subsequent violation.

The June 1 date is a compromise allowing businesses to use up inventories of corporate-logo imprinted products. The measure applies to restaurants, retail food vendors, city departments and contractors doing business with the city.

The ban does not apply to meats, fish and poultry that grocery stores sell in polystyrene containers. **pb**

22% The "hard-core" green consumer will never accept petroleum-based packaging as a viable option.

"[The] environmental issue is very important. Either a system of recycling the petroleum base in developed for chain stores or a non-petroleum product must be provided, such as corn-based materials." **pb**



The background of the entire page is a close-up of a hand's index finger pointing at a computer keyboard. Overlaid on this is a large, semi-transparent CD-ROM. The CD's surface is divided into two main sections. The top section shows a spreadsheet with various numerical values, some with dollar signs, and a yellow pencil is positioned diagonally across it. The bottom section shows a photograph of a warehouse interior with stacks of boxes and a red semi-truck parked outside. Two thin, purple, concentric elliptical lines are drawn around the CD-ROM. At the bottom of the page, the title 'PRODUCE SOFTWARE SUPPLEMENT' is written in a large, bold, yellow, italicized font with a black drop shadow.

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Solid Software Solutions (SSS) specializes in creating and installing software for Wholesale Produce Distributors, with special emphasis on inventory management and control, ease of data entry and accounting functionality. The company's line of Edible software products allows users to easily manage and control inventory by providing instant, up-to-date information about on-hand and on-order quantities, multi-unit of measure capabilities and detailed item costing.

SSS' experienced employees have an intimate knowledge and extensive experience in working with produce distributors, which is why so many users rate Edible Software as being one of the best available software packages for this quick-turnover, low margin industry, and report significant increases in gross margins after its installation.

Edible Software is SSS' main suite of programs. It is a comprehensive Windows-based inventory control and accounting package that has been approved by Microsoft and that is compliant with the requirements of the Food and Drug Administration's (FDA) Bio-Terrorism Act. This ensures that in Edible Software's optional 'lot' mode, the originating vendor of any inventory item can be instantly traced, as can each and every customer who purchased out of that lot. For non-lot users of Edible Software, the same detailed product traceability is now possible through the use of Edible PaL — an optional add-on product from SSS.

According to Henri Morris, president of SSS, "Inventory control and pricing are the most important aspects of a produce company's business, because inefficiencies or lack of controls in either of these areas can reduce or even eliminate profits completely. When used together with the many other Edible add-on options, no other known software product has Edible Software's ability to provide such rapid, in-depth costing and management reporting."

Edible Software provides managers with immediate, up-to-the-minute, accurate information about all aspects of the company,

including inventory levels and item profitability. Says Morris, "Accurate inventory costs are critical in this industry and Edible Software allows users to quickly allocate multiple costs like freight, duties, Ryan, etc., across one or more inventory items, or if needed, over multiple items in one or more loads. This can even be done if the inventory item in question has already been sold. This feature ensures management of 100 percent accurate sales analysis reports at all times."

Since many of SSS' clients process or repack one or more inventory items into one or more other items, Edible Software has a repack inventory module that tracks all 'raw-material' and 'finished' inventory items. Also, since the accounting modules were designed by CPAs, they are extremely detailed with full audit-trails and controls, and there are no day-end or time-consuming month- or year-end routines to be run.

In addition to Edible Software, SSS also offers the following optional add-on modules:

Edible Net: an interactive Internet order-entry module.

Edible PI: a hand-held PDA module that enables users to quickly and accurately count and record Physical Inventory.

Edible Wi-Fi: a hand-held PDA module that allows sales to be made while on the warehouse floor and then be instantly updated in the system.

Edible PaL: a hand-held PDA module that can track the originating vendor and all buyers of every item, even if inventory is not tracked by 'lot'.

Edible Remote: a remote order-entry module that allows orders to be taken at each customers' site.

"Edible Net is used by clients whose customers want to place their orders directly via the Internet," reports Morris, "while Edible Wi-Fi is used by clients that have terminal market operations and want to record their sales as



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they are made on the sales floor and then have them be immediately updated in the system."

Edible's users attribute savings and growth to the benefits provided by the software. "We have a client who purchased our software in 1999 to run on five PCs in a single location," explains Morris. "Today, they have over 35 PCs running Edible Software in three major cities, and they attribute their having had the ability to grow, to the management information that Edible Software provided. We have another client in New York who directly attributes his having been able to purchase another delivery vehicle to the additional revenues derived from the profitability reporting and the cost controls provided by Edible Software."

SSS is extremely support oriented and, for this reason, provides 24 hour-a-day support to their clients. Voice-mail is not allowed in the company, so clients can call the company and speak to a 'live' person whenever necessary. SSS' staff has an intimate knowledge of the accounting and internal control needs of the produce industry. "They can perform any needed training, accounting, analysis or data conversions needed," explains Morris. "And since every company has their own specific requirements, we willingly custom-modify our software to meet each specific need without losing the ability to upgrade the system as new versions of our software are released."

"It is our goal to be the best software company in terms of service, support and product quality," says Morris. "We are proud of the accuracy and reliability of our software and of the many benefits that it has provided our clients. We also value the close relationships we have built with our clients over the years."



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Silver Creek Software (SCS) focuses on delivering a state-of-the-art, high-quality ERP accounting and management system to fresh produce distributors, growers, packers, shippers and brokers. Established in 1982 by John Carpenter, president, and Tina Reminger, vice president, the company flourished as a family-owned business throughout the '80s and '90s, eventually receiving IBM's top VAR award of 1988 and Inacom's President's Award of Excellence. The company's increasing orientation toward software development led it to deliver Visual Produce in 1993 to its first produce distribution customer.

"Since then we have installed Visual Produce in over 75 companies both in the United States and abroad," says Reminger. "Many of our customers have experienced explosive growth in their respective markets, and Silver Creek Software has met or exceeded the related challenges of accommodating those changing business needs."

SCS' Visual Produce accounting software has several key operational and financial capabilities. Carpenter explains, "Standard Visual Produce modules include sales orders, purchase orders, inventory processing, accounts receivable, accounts payable and general ledger. Optional modules include payroll, packing plant manager, grower settlements, brokerage management, fresh-pack processing, repack management, warehouse management, crop accounting and EDI — Electronic Data Interchange."

Additionally there are software enhancements such as customer menus, route analysis and management, contract pricing, soft breaker units, commodity boards, business status reports and lot tracking, which allow users to maximize their productivity while using Visual Produce. "When you buy Visual Produce, you get a full copy of Sage Pro Enterprise," reports Carpenter. "This is a robust and feature-rich accounting and ERP system with over 25,000

installs worldwide. The feature set is comparable to programs such as MS Great Plains, MAS 200, Navision, ACCPAC Advantage and other business accounting systems."

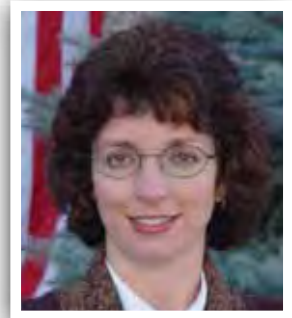
Visual Produce can be integrated with Sage CRM, a powerful customer relations management system. "Sage CRM is an easy-to-use, fast-to-deploy, feature-rich CRM solution providing enterprise-wide access to vital customer information — anytime, anywhere. With Sage Accpac CRM, you can better manage your business by integrating field sales, internal sales, customer care and marketing information," Carpenter further explains.

The software allows customized sales and operations tracking boards to be designed to address specific business challenges, such as tracking order status, load status, item status and alerts on problems. "Through the use of ProAlert, Visual Produce can be set up to automatically notify managers or users when predefined alert criteria are met," states Reminger. "As an example, an e-mail alert can be sent to a manager whenever an order margin amount falls below a specific value. Or a report can automatically be generated and routed to an individual at the same time every day. This tool is limited only by your imagination."

Visual Produce provides easy access to data from many different tools including Report Writer, DataHabitat, Excel, F9 (an Excel-based financial report tool), Visual Internet, ZetaFax, Sage CFO, Roadnet and many others. "Our software's unique features and benefits insure our customers are never told the program doesn't work the way they need it to, they have to change their business practices or they have to wait until the next version of the software becomes available before a problem is fixed," Carpenter adds.



John



Tina

Visual Produce's Internet connectivity allows order entry via the Web, and it gives customers access to reporting and data publishing capabilities. "Some of our current customers have in excess of 40 percent of their orders being entered through Visual Internet," according to Reminger.

SCS advises thinking on a long-term, large scale when looking at software needs. "When choosing software think long term," suggests Reminger. "Remember your business needs will change and your software needs will change as well. Also, ask to speak with customers and ask them about service and product. When you buy software, you enter into a close knit relationship with your software provider."

Reminger cautions companies to realize the IT industry is much bigger than just their ERP software provider. "How does the program you are evaluating fit into the big picture?" she asks. "Is it proprietary or open? What operating systems does it run on? Are the programs and data accessible to other entities in the market?"

Produce companies currently using Visual Produce for wholesale distribution and processing include Coastal Sunbelt Produce, Pacific Coast Fruit, Baldor Specialty Foods and Loffredo Fresh Produce. Companies using the software for distribution, packing and grower settlements include Country Fresh Mushrooms, Sweet Clover Produce, Global Agri and MCL Distributing.



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Six Ways To Sell More Citrus

Once a harbinger of winter, citrus is now a year-round category.

BY CAROL M. BAREUTHER, RD

Citrus variety proliferation will soon offer retailers the same types of opportunities they have seen resulting from apple variety proliferation.

Jay Schneider, assistant produce sales manager for the eastern division of Acme Markets, a 134-store chain based in Malvern, PA, and owned by Supervalu, Eden Prairie, MN, says, "The apple category is much more advanced, but if citrus growers can come up with varieties that are truly different in taste and unique from one another, it will only add to the category."

Although breeding is well underway, many new citrus varieties are still five to 10 years from retail shelves. In the meantime, savvy retailers can incorporate more specialty citrus as part of their staple offerings and strategically plan to merchandise a wide variety of citrus year-round.

1. LET NAVELS RULE

Citrus is a key produce destination, says Randy Bohaty, produce director, B&R Stores, a 15-unit chain based in Lincoln, NE. "Navel oranges are the category leader."

Mark Hanks, director of sales and marketing for North America, DNE World Fruit Sales, Fort Pierce, FL, notes, "There's a 10 to 15 percent decrease in the [2006/2007 Florida navel] crop. Fruit sizing is up, thus leading to increased pack outs. Appearance is improved significantly over last season and we have consistent quality and volume."

California's navel crop is down by about 25 percent over last season due to weather issues, explains Mike Aiton, senior vice president of sales and marketing, Sun World International, Coachella, CA.

Navel imports are expected to rise this season and be available longer as product



Consumers are coming to expect a wide variety of citrus from which to choose.

comes in from Australia, South Africa, Chile, Argentina, Peru and possibly even New Zealand, says Andrew Southwood, vice president of business development, Fisher Capespan USA, LLC, St. Laurent, Quebec.

This winter, Paramount Citrus, Delano, CA, introduced its new high-brix navel program. "We've been in development with this product for four years," says president David Krause. "Essentially, it's a combination of selective breeding, specific growing area, timing of harvest and a non-invasive inspection process using cameras and computer to determine the sugar-acid ratio in individual pieces of fruit." The high-brix oranges are marketed in a clamshell to set them apart from other navels. The company expects to ship 50 loads per week during season.

Pink-fleshed Cara Cara navels are popular, according to Julie DeWolf, director of retail marketing, Sunkist Growers, Sherman Oaks, CA. "We've doubled what we've sold

every year for three years and expect continued growth over the next three to five years."

Last season, several Florida growers started marketing pink-fleshed navels as Cara Caras rather than as red navels. "The red navels were slow movers, but the name change revitalized sales," explains Al Finch, director of marketing, Diversified Citrus Marketing, Lake Hamilton, FL.

2. OFFER SPECIALTY CITRUS

"It all comes down to flavor. Many specialty citrus varieties have good flavor and are seedless and easy to peel. We carry all that are available to us in any particular season, especially in January when we do a big citrus re-set in the stores. It gives customers lots of choices," notes Bohaty.

The real king of the citrus category, says David Mixon, senior vice president, Seald-Sweet LLC, Vero Beach, FL, is the Clementine. "Size is no longer the big draw. Con-

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sumers like all its positive traits."

The Clementine's popularity will continue to grow, especially with nearly year-round availability. "We'll see an increase in Clementine volume from California over the next one to five years. We'll also see volume improvements from Spain, which will compete directly with California in the fall/winter," explains Mark Bassetti, vice president for fresh citrus sales, Duda Farm Fresh Foods Inc., Oviedo, FL. "Improved quality and volume during the summer from Chile and South Africa will contribute to a shift in the U.S. market from consumption of navels and Valencias to the more 'user friendly' Clementine or Clementine-Mandarin hybrids."

New development of mandarin varieties is on the fast track with the formation of the New Varieties Development & Management Corp. (NVDMC), says Quentin Roe, vice president, Noble Worldwide, Winter Haven, FL. "This is a cooperative agency where breeders in Florida are working with breeders in other major citrus growing areas such as California, South Africa, Italy, Spain and Japan to put new varieties on the fastest track possible for commercial release to growers. This way, growers can get feedback from buyers, and market research can be conducted to determine how much acreage of these varieties should be planted."

3. GO FOR GRAPEFRUIT

Red-fleshed Texas grapefruit is the best seller at B&H, says Bohaty. "Customers perceive the more colorful flesh as sweeter."

Florida grapefruit sustained significant damage during the 2004/2005 hurricanes, and the crop has been down over the last two years. However, says DNE's Hanks, "It's rebounded this season. We're anticipating our grapefruit volume to increase by approximately 15 to 20 percent over last year. Demand is strongest when grapefruit hits its peak flavor from January through March."

Bassetti adds, "The opportunity for promotional volume and pricing has helped grapefruit regain shelf space. Dark red grapefruit has gained in popularity and white has become a niche item in the U.S. market, mainly in the northeastern market."

White grapefruit, says Seald-Sweet's Mixon, "is perceived as not being as sweet tasting as the pink or red, but that's not the case. We've sampled white grapefruit and have increased demand and maintained that demand at the retail chain where we conducted the taste demos."

Some Florida growers are planting a grapefruit variety dubbed the tangelolo or Early Sweet, says Roe. "It's 1/4 tangerine and 3/4 grapefruit, which makes it sweeter tasting than traditional grapefruit. The Early Sweets

are having success in consumer taste trials."

Florida grapefruit will be the focus of a new national promotion campaign by the Florida Department of Citrus (FDOC), Lakeland, FL. "Grapefruit has been in the dark for years," says spokesman Andrew Meadows. "This year, we'll be partnering with Bob Greene, author of *The Best Life Diet*. In his book, he recommends grapefruit for its fiber, vitamin C and antioxidant content. We'll provide retail support to leverage our partnership in the form of POP materials such as stickers, posters and cardboard shelf talkers."

FDOC is spending \$400,000 on the campaign, which is designed to tie-in with a time when consumers are thinking about losing weight and eating more healthfully.

Jessica Martinez, marketing coordinator for TexaSweet Citrus Marketing, Inc., Mission, TX, notes, "Texas now ships about 7 million cartons of grapefruit annually. Ruby

"We carry all that are available to us in any particular season... It gives customers lots of choices."

**— Randy Bohaty
B&R Stores**

Sweets and Rio Stars are the top sellers."

Robert Schueller, director of public relations, Melissa's/World Variety Produce, Los Angeles, CA, relates, "Specialty varieties of grapefruit such as oro blancos, melogolds and pomelos are making tremendous gains on the retail shelf."

4. LAY IN LEMONS & LIMES

Although a small slice of citrus sales, lemons and limes have taken on new life.

Acme's Schneider says, "We've made Meyer lemons available to our stores, both in 1- and 2-pound bags and in a 4-count tray pack. They're gaining attention with a small pocket of consumers. We've also done well with 2-pound bags of limes."

"We are seeing growth in the lemon subcategory as Meyer lemons gain in popularity," states Duda's Bassetti. "Improved availability, publicity and usage information, plus the trend toward event and gourmet cooking, have contributed to this growth."

Themed 2-pound net bags with informational header cards are the basis of Sunkist's new promotional program to urge using

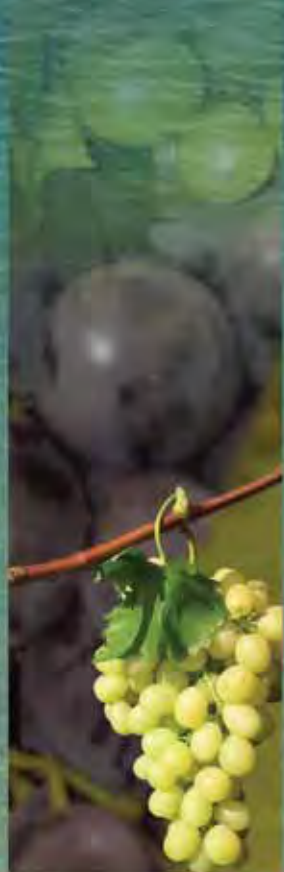
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Packaged Citrus

Jay Schneider, assistant produce sales manager for the eastern division, Acme Markets, based in Malvern, PA, says, "We promote bulk and bags to offer balance and value. They're different dollars."

According to Mark Bassetti, vice president fresh citrus sales, Duda Farm Fresh Foods Inc., Oviedo, FL, "We are seeing a move to more upscale packaging. Packaging allows the opportunity to include higher-end graphics, product descriptions, benefits and recipes. With so many offerings in the market today, packaging is a much better tool to differentiate one product from another."

Mark Hanks, director of sales and marketing for North America, DNE World Fruit Sales, Fort Pierce, FL, notes, "We see more consumers moving toward the smaller bags due to smaller households. The smaller bags sizes also hit a price point that more people are willing to pay."

Bag size is especially important in the summer, explains Andrew Southwood, vice president of business development, Fisher Capespan USA, LLC, St. Laurent, Quebec. "Two and 3-pound bags offer a better value on imported citrus during July and August. They also allow for greater turns, which is important to maintain the quality of soft citrus."

"Clamshells are gaining popularity in some markets and demographics as they provide several benefits over bulk and bagged. They maintain a bulk look while still providing an opportunity to see most of the fruit in the pack, and like bags, they provide an opportunity to educate consumers using labels for product descriptions and recipes," adds Bassetti.

"Clamshell-packed tangerines were hot a few years ago, but the Florida growers who tried it have fallen back to bags," notes Jack Cain, president, Voita Citrus, Tampa, FL.

pb

lemons in new ways, says DeWolf. "We have four themes. First is lemon-taining, or using lemons to make decorative bouquets. Second is mind and body, with a recipe for a citrus spa bath. Third is tangy lemon treats and a recipe for lemon bars, and fourth is using lemons in household cleaning." The promotion runs in January and February.

Luke Sears, president, LGS Specialty Sales, Bronx, NY, says, "Persian limes are growing in demand as the Hispanic population in the nation grows. These are best merchandised with the avocados."

5. CARRY ENOUGH VARIETY

For years, retailers carried one orange variety for juicing, one for snacking, one grapefruit variety, one tangerine, lemons and limes, but the options are expanding.

Schneider says a typical citrus offering at Acme might include Florida pink grapefruit, tangerines and navels, complemented with two sizes of California navels, Minneola tangelos in season, lemons, limes and a variety of bagged citrus for a total of 12 to 15 SKUs. "Customers are looking for a choice and that's what we like to give them, not only in citrus itself but in price point. This strategy gives a good dollar lift to the category."

Duda's Bassetti notes, "We are seeing retailers move toward more variety — variety of product, such as oranges, Minneolas, Clementines, tangerines, grapefruit and other specialty items like lemons and Meyer lemons, and variety of packs, such as carrying bulk, small price-point 2- and 3-pound bags, as well as value packs with 5-, 8- and

10-pounds of fruit. We do not see any real regional trends as retailers across the country want to have as much variety available as they can so to not disappoint customers."

Larger volumes and variety are seen typically in the winter. During the spring and summer months, DNE's Hanks adds, "Many retailers reduce the number of citrus varieties they carry due to the availability of stone fruit. The citrus varieties available during these months are imported from the southern hemisphere and even though the volumes continue to grow, they are much lower than the domestic citrus volumes."

6. PRESENT NEW VARIETIES

Education is the best way for retailers to introduce new citrus varieties to their customers. B&R's Bohaty accomplishes this by sampling. "We staff a demo with a number of varieties right next to the display."

Schneider has featured new citrus through Acme's 'Variety Item of the Month' promotion. "In January we featured Cara Cara navels in a 4-pack clamshell as the 'Variety Item of the Month' and also promoted them at the same time with a 2-pound bag of Moro oranges that ran as a full-page ad feature in our coupon book. Customers are really receptive to trying something different."

Last season, Sunkist made it easy for retailers to sample new varieties. "We added a free piece of specialty citrus in 4-pound bags of navels. Retailers enjoyed good numbers from this promotion, although we didn't repeat it this year due to logistical reasons," explains DeWolf.

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Exploring The Nuances Of The Tropical Fruit Category

With careful management, retailer opportunities abound for serving both mainstream and niche consumers.

BY DUANE CRAIG

The tropical fruit category — which at one time consisted solely of bananas, pineapples and the occasional coconut — today has a seemingly endless line of new candidates.

Each new entrant promises to satisfy a previously unfulfilled consumer taste demand or an ethnic palate. As retailers consider their options for this category, it is important to pay close attention to demographics, recommended storage and handling practices, and solid merchandising techniques.

What constitutes a basic tropicals assortment varies from supplier to supplier. According to Marianne Duong, communications manager, Dole Fresh Fruit Company Westlake Village, CA, a basic category might include pineapples, mangoes and bananas along with kiwi and cantaloupe.

Marion Tabard, marketing director for Turbana Corp. of Coral Gables, FL, adds papayas, coconuts, the rest of the melon family and the rest of the banana family including plantains.

Ken Nabal, manager of the Boca Raton, FL, office of Frontera Produce, based in Edinburg, TX, likes to include limes, kiwi and seasonal exotics, such as passion fruit, guava, etc. He points to market basket research bolstering the notion that melons, especially cantaloupes,



The tropical fruit category continues to grow as retailers target both ethnic and mainstream market segments.

should also be considered.

Mary Ostlund, director of marketing, Brooks Tropicals, Homestead, FL, adds UniQ fruit, star fruit and kumquats.

Accommodating this ever growing category can quickly gobble up shelf space. Still, there are good reasons for stocking up on tropical fruit.

"One thing about the tropicals is they offer tremendous eye appeal as well as flavor," says Charlie Eagle, vice president of business development, Southern Specialties, Pompano Beach, FL. "It's a great growth area. We're seeing more tropicals and more variety now than ever before in the stores. During the winter, when you are bored with apples, it's a good time to put out tropicals for your customers. Give them a little variety during those cold winter months."

"Recent trends show retailers carrying a variety of tropical fruits to cater to the various ethnic groups," remarks Dionysios Christou, vice president marketing, Del

Monte Fresh Produce, Coral Gables, FL. "As demand for a variety of products from tropical regions grows, we will continue to see growth in the category."

Like others on the supply side, Del Monte offers in-depth help to retailers when planning their category. In some instances the variety that is readily available can, in essence, be the category.

Elaine Cobb, produce manager, Woods Supermarket Inc., Bolivar, MO, part of an 8-store chain, claims her store "does really well" with a variety of tropicals. "We typically include kiwi, papaya, mangos, coconuts, pomegranates — just about anything that is available to us at the time." Cobb and fellow produce manager Gene Black of the chain's Stockton, MO, store recently constructed the winning tropical fruit display in the Dole Bananas and Curious George display contest sponsored by Dole. [Editor's note: Please see photo on page 52.]

Offering a variety of tropical fruit can allow stores to pay attention to previously underserved or un-served markets. In concert with that concept, part of the driving force behind the increased interest in tropical fruit is the continuing focus on ethnic food and the influx of ethnic populations. This is where knowing a store's customers can help satisfy those customers' needs.

"You have to know your ethnic base and your traffic patterns in the store," says Bill Schaefer, vice president of marketing, Fresh King, Inc., Homestead, FL. "A longan or a lychee, which are very ethnically oriented toward the Asian clientele, can be even more differentiated since the lychee is a favorite of the Chinese. A Southeast Asian person would enjoy a longan better. And then there are regional preferences beyond that. The other major classification is the Hispanic. They are into the sapotes and the sweet tropical fruits."

Brooks' Ostlund reinforces the importance of customer awareness by citing the different preferences of Hispanic customers when it comes to avocados. "If you're Mexican, chances are you're used to the Hass avocado, but if you're not, then chances are you're used to a greener, more watery avocado like those from Florida," she says.

MANGOES & PAPAYAS GAIN GROUND

At least one tropical fruit could be making a drive for a category of its own. According to the U. S. Department of Agriculture (USDA) Economic Research Service (ERS), mango consumption rose steadily during the 12 years leading up to and through 2004, reaching 1.97 pounds per person in that year. Beyond the health benefits of mangos,

commonly called the world's most popular fruit, there are more than 1,000 varieties worldwide.

According to Veronica Kraushaar, president of Nogales, AZ-based VMS, LLC, the merchandising agency for the National Mango Board, Orlando, FL, there are five to six varieties available from up to seven different regions on a year-round basis. "A retailer could actually have a mango category," she explains, "but it depends on the strategy of the retailer. Some retailers want to put everything under the tropical category; others like to have fruits with two, three, four or more SKUs. Our goal is to define the mango category within the tropical."

Another tropical fruit that continues to gain awareness and acceptance in the mainstream is the papaya. Notwithstanding its other traits of flavor and eye appeal, the growing popularity is largely attributed to its health benefits.

"The mango category has been continu-

To Group, Or Not To Group?

Suppliers see the grouping of the tropicals category in practice as a mixed bag. There is a common trend to group all tropicals together but as the category expands, this approach becomes diluted. Another trend includes more differentiation when it comes to ethnically popular items. Melons, although recommended by some to be included with the tropicals, seem to be generally excluded from the category. For general reference, suppliers tend to see grouping within the stores' purview and, while they are willing to suggest groupings, they shy away from making hard-and-fast recommendations.

Ken Nabal, manager of the Boca Raton, FL, office of Frontera Produce, based in Edinburg, TX, sees tropicals grouped together as the most common practice in mainstream stores with some retailers carrying larger selections than others. "Some retailers have several different cluster sets as it relates to Hispanic, Asian, etc.," he adds.

"Some tropical fruits are now part of the mainstay like bananas and, depending on the region, avocados, kiwis and pineapples are also taking center stage with other products," says Dionysios Christou, vice president marketing, Del Monte Fresh Produce, Coral Gables, FL. "Other tropical fruits that are not yet as developed are grouped together and displayed as a category. This includes papaya, mango and coconuts."

"It's rare to see very much differentiation when you get into the minor use products," says Bill Schaefer, vice president of marketing, Fresh King, Inc., Homestead, FL. "The major categorization that you see includes staples of the Hispanic influence."

"Most stores exclude the melon category since that fruit is available from domestic [U.S.] and Mexican sources for most of the year and from tropical sources only during the off-shore winter melon deal," explains Marion Tabard, marketing director for Turbana Corp. of Coral Gables, FL.

One suggestion for grouping, from Marianne Duong, communications manager, Dole Fresh Fruit Company, Westlake Village, CA, is to create themes in the department and group the fruit so as to suggest uses and pairings for it.

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Photos courtesy of Southern Specialties

ally growing in the United States, and we feel the papaya category is going to follow behind and trend in the same direction as mangos," says Southern Specialties' Eagle. "The papaya has very good flavor, and at least as importantly, the health aspects are fantastic. It's a very healthful fruit. The driving products will be the mangos and the papayas, and those are year-round."

"People want to eat more healthfully and

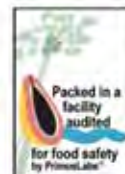


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papayas are becoming more and more known for being an almost indispensable fruit," adds Homero Levy De Barros, president and CEO of HLB Tropical Food USA, Inc./dba Caliman International, Plantation, FL. "I don't think a supermarket can afford not to have papayas in its program if it wants to have an all-around healthful gro-

"Sometimes you'll see four or five display racks, one on top of the other going up an angular table with all of the prices across the top row. This is fine as long as you know what it is you are looking at."

**— Bill Schaefer
Fresh King, Inc.**

cery department. The USDA ranks papaya as one of the most healthful fruits in the world."

"Papaya is becoming a very popular food all over the world," continues Ken Kamiya, president, Hawaii Papaya Industry Association, Hilo, HI. "People are seeing that it has many beneficial aspects to it."

Rob Keane, media relations manager, Stop & Shop, Quincy, MA, which is part of the Amsterdam, The Netherlands-based Ahold, lists papayas with his stores' tropical category along with pineapples, coconuts, horned melons and guavas.

DISPLAY, CARE AND PROMOTION

Tropical fruit requires special handling and care in order to keep shrink down, spur sales and keep customers coming back. Suppliers emphasize well-stocked, neat displays that have the price clearly indicated.

Turbana's Tabard points to bananas as leading performers in terms of sales per square foot and believes that increasing the size of the banana display will have positive results on department-wide sales without cannibalizing sales of other items.

Del Monte's Christou emphasizes keeping the fruit no deeper than one layer to



The winning display in the Dole Bananas and Curious George display contest built by Elaine Cobb and Gene Black of Woods Supermarkets, Inc., Bolivar, MO, used more than 800 pounds of bananas.

minimize shrink and also encourages using a tiered-padded surface for display.

De Barros of Caliman International, as well as numerous other suppliers, encourages the practice of providing POS information on both health benefits and best storage and handling practices.

Above all, Fresh King's Schaefer stresses the need to have the correct signage and the correct price. He also emphasizes making sure the location of the sign matches the location of the fruit. "Sometimes you'll see four or five display racks, one on top of the other going up an angular table with all of the prices across the top row. This is fine as long as you know what it is you are looking at," he says. He points out that for someone unfamiliar with these fruits, this type of labeling technique might make it too difficult for the shopper to distinguish one fruit from another.

Hawaii Papaya's Kamiya encourages retailers to help their associates to understand the proper care of tropical fruit since different levels of ripeness at harvest and different port-of-entry treatments mean the different fruits require different types of care and handling.

Brooks's Ostlund cautions against storing and displaying tropicals at low temperatures. "You can't treat a papaya like you do an apple," she says while stressing never keeping the fruit at temperatures lower than 40° F.

VMS' Kraushaar encourages a temperature of 55° F or higher for mangoes.

Tropical fruit is often featured during the winter, and very often the displays focus on tropical themes. Suppliers see these as good ways to generate some excitement in the

produce department during that time of the year. Tabard sees bananas, in particular, as a natural fit for any kind of health and fitness promotions.

Many suppliers believe tropicals offer excellent cross-promotional opportunities, such as pairing them with other produce or deli items. Dole's Duong suggests trying to find local events and media releases as cross-promotional tie-ins.

Southern Specialties' Eagle encourages creating value-added displays. As an example he suggests displaying a papaya cut in half and garnished with a slice of key lime or other fruit. He, along with others, advocates sampling. "When customers have an opportunity to taste the product, they'll be inclined to buy the product," he says. For star fruit, he recommends adding it to salad displays or putting grill marks on it and displaying it with meat and fish as a way to suggest uses to the customer.

Schaefer thinks retailers can capitalize on customer-specific ethnic holidays, beyond the common ones, to spur tropical fruit sales. "There are a lot of other holidays from other countries that could be picked up on and acknowledged, creating some business," he explains.

Frontera's Nabal says, "Promoting, as well as educating consumers to this exciting and growing category, is the key."

Kraushaar backs up that assertion with some interesting stats. "We have found from retailers who have partnered with us this year that they see lifts in mango sales ranging from 13 percent to 300 percent when they promote them. Demos with ads seem to have the highest increase in the percentage of lift."

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Reader Service # 52



What Makes A Good Foodservice Procurement Program?

While every foodservice operation is different, there are a few elements that always come first — quality, consistency, and safety.

BY JACQUELINE ROSS LIEBERMAN

“We have several key criteria that we evaluate before we can seriously consider using a produce distributor,” says Gene Harris, senior purchasing manager, Denny’s Corporation, Spartanburg, SC. Food safety is at the top of the list for this chain of 1,550 restaurants. “Food safety, food security, sanitation, pest control, temperature monitoring, record keeping for the purposes of ‘1-up and 1-down’ traceability, as well as active and comprehensive HACCP and training programs. We also evaluate the geographic area they cover, how they purchase products and what labels they carry, both in bulk and processed produce.

“With regard to pricing, the markup per case is important, but we also evaluate the restaurant-delivered price,” says Harris. “If they have good contracts or do a great job of buying, their restaurant-delivered cost can actually be lower, even with a slightly higher markup than their competitors. We also try to do business with minority- and women-owned businesses whenever possible. However, they must meet the same criteria as others and be competitively priced.”

“The most important thing is the vendors’ ability to meet our specifications,” says Janet Erickson, executive vice president of purchasing and quality assurance, Del Taco, LLC, Lake Forest, CA. With 470 restaurants, Del Taco is the second-largest Mexican/American restaurant chain in the United States. “This means they must follow proper food-safety standards. And, depending on the product, that it’s a supplier that has the capacity to meet our quantity needs. Then we start looking at price.”



Photo courtesy of Denny's Corporation

Many restaurants say vendors that offer flexibility, quality and stringent food safety are more more sought-after than those offering the lowest price.

For smaller operations, the focus is not on quantity but on the ability to meet individual needs. Some restaurants are looking for specialty items. “Because we’re an ethnic restaurant, we have produce we can only get from Mexico,” explains Barbara Sibley, chef/owner, La Palapa Cocina Mexicana and La Palapa Rockola, two upscale authentic Mexican restaurants in New York, NY. “You want someone knowledgeable, so that if you request something special, they know about it and can tell if it’s good quality.”

Steve Greer, owner of the upscale steakhouse Golden Ox in Kansas City, MO, says only the best produce will do for his restaurant. “Produce is a very, very important part of the business, even though the center of the plate is meat,” he explains. “It has to be high in quality. If it’s leaf lettuce, I want to know when was it picked. How long did it

take to get here? I want it harvested correctly. I look at how it was packed.”

Price is the last thing Greer considers. “I want consistency and top quality. You, as an operator, have to have consistency and high quality all the time. I stick to my standards.”

SERVICE COUNTS

While phoning and faxing orders is still typical, many customers — especially multi-unit restaurant operations — like the option of ordering online because it saves time and cuts back on labor costs, explains Arnie Caviar, CEO/owner of the Midwestern produce distributor Liberty Fruit Company, Inc., Kansas City, KS. “They want them to just punch it in, and it’s done,” he says.

Jimmy Carbone, owner, Jimmy’s No. 43, a New York, NY, restaurant that specializes in local and organic food and handcrafted

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Reader Service #23

Food Safety: Times Are A-Changing

The trend right now is the demand for trackability, with the food safety issues going on. That never used to be the case," says Lloyd Ligier, vice president of business development, PRO*ACT, Monterey, CA.

"That has changed radically in the last 12 months. This year has been the 9/11 for the produce industry," he says, referring to the recalls — including fresh spinach and Taco Bell — that made headlines in 2006. "It has caused the industry to really be aware it needs to have food-safety programs in place."

Arnie Caviar, CEO/owner, Liberty Fruit Company, Inc., Kansas City, KS, agrees foodservice operators are and will be more interested in safety than ever before. Often, he says, corporate foodservice customers ask for food-safety inspections by their own third-party auditors to ensure that his company's practices meet with their standards.

Many restaurant chains are also demanding only specific brands of produce be used so they can monitor food-safety programs, so if an outbreak or recall occurs, they know immediately if it affects their operations and can take immediate action. For example, Gene Harris, senior purchasing manager, Denny's Corporation, Spartanburg, SC, says, "We have an approved-processor list for all processed produce, including sliced mushrooms and green leaf filets/crowns. If they are not currently using or willing to use our approved suppliers, we will not use them as a distributor."

While outbreaks in 2006 may have shone the spotlight on some companies, Ligier praised the quick response of The Nunes Company, which in October issued a precautionary recall of green leaf lettuce that later tested negative for pathogenic E. coli O157:H7. Ligier says the company did the right thing.

Because PRO*ACT uses a vertically integrated system, he says when the lettuce recall was issued, "We knew within 21 minutes where every box of it was." That traceability is exactly what he believes foodservice professionals, as well as retailers, will demand more and more.

"I'm not sure the problems are any greater than in the past, but the ability to identify a problem has increased. It's really changed us as an industry," says Ligier. While he believes even one case of foodborne illness is too many, "For our industry, it's been difficult, because people start questioning the food supply. But our food supply is still the safest in the world."

pb

beer, says he buys produce three ways — in bulk from a third-generation produce wholesaler, at the local farmers market and last-minute from a supermarket.

"I have used the same produce company for 12 years," says Carbone. "I call the night before, they bring it with no hassles. I would love to have a vendor who brought in local produce, but you have to go to the farmers' market for that."

According to Stephanie Golinski, manager, Maplewood Pizzeria, Maplewood, NJ, her small business uses only one produce supplier. "They bring the freshest produce. Like it's just picked. And they bring produce every day, so it's always fresh. Even if it's just one box of mushrooms or five pounds of carrots. No order is too small — that's why we love them."

"It's important to have someone who's flexible with the time they can deliver and can deliver often, because we don't have a lot of storage," agrees Sibley of La Palapa.

Maplewood Pizzeria is so small that there is no walk-in cooler at the restaurant, so same-day delivery is imperative. "I call over the phone at night and leave a message. They fill it and leave it early in the morn-

ing," says Golinski.

Multi-unit operators like Denny's have set schedules determining deliveries for most of their orders. "We typically base our programs on an average of three deliveries per restaurant per week. We have some high-volume restaurants that require four or five deliveries per week," says Harris.



"Depending on the volume of the restaurant, we get two to three deliveries a week," explains Erickson of Del Taco. "We have four produce suppliers and seven produce items that we buy — shredded lettuce, tomatoes, diced onions, lemons, limes, cilantro and cabbage."

Very few foodservice operators look to suppliers for recipe collaboration. "I can't think of a time that we have worked with a produce supplier on menu ideas," says Erickson.

Although the La Palapa restaurants have never gotten a specific recipe from a produce supplier, "I depend upon them for inspiration," says Sibley. For example, the supplier may mention it has a seasonal ingredient that would be perfect for the daily special.

"The wholesalers or large growers should

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Reader Service # 2

put together basic vegetable cookbooks," suggests Carbone of Jimmy's No. 43. "The farmers market vendors are much more passionate about their produce. I've learned basic recipes for quite a few novel [at the time] vegetables from them, such as ramps and fiddlehead ferns when I first saw them five or so years ago."

VALUE-ADDED PRODUCTS CUT LABOR COSTS

"We are buying as many produce items in the processed form as we can for several reasons — food safety, consistency, yield, stable pricing and labor savings," says Harris. "We are always on the prowl for a way to provide greater quality and consistency to our guests."

Erickson says Del Taco has also increased the amount of pre-cut and processed produce it buys. "I would expect that would continue, because of convenience, yield and labor issues. Outsourcing the processing of the produce is definitely something that is going to continue."

According to Sibley, the La Palapa restaurants have been using more mixed salad greens than in the past. "It cut out labor, training, and it also cut out waste."

"I used to always make the salad," says Greer of Golden Ox. "But now I will buy a mix, if it comes from certain packers. Sometimes I'll add in more romaine. I won't make slaws anymore, because the processed slaws are so good."

"You will continue to see more demand for further-processed produce as the minimum wage goes up," predicts Lloyd Ligier, vice president of business development, Monterey, CA-based PRO*ACT, a produce supply-chain management company that works with growers and shippers to provide produce for multi-unit restaurant operations nationwide. "And as people come up with different technology, it's getting better. Packaging and cutting techniques have gotten better to increase shelf-life and quality."

Not everyone is moving toward processed produce. "Nothing we use is pre-cut," explains Golinski of Maplewood Pizzeria. "If you don't use pre-cut right away, it goes bad."

"Years ago, I bought pre-washed salad mixes," notes Carbone of Jimmy's No. 43. "Now I'm the opposite. I want good-quality raw materials. We handle, process and wash everything, so it keeps better." Carbone and Golinski both say their experience with peeled garlic is that it lacks flavor.

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Slow Growth In Organics

While organics are a growing part of the foodservice industry, they still make up a very small percentage of the overall demand. "We see a trend toward organics, but it's really being driven by college and university foodservice," observes Lloyd Ligier, vice president of business development, PRO*ACT, Monterey, CA. "Students want a choice of organics. Whether or not it will filter to the casual dining segment, I just don't know."

"We are not currently buying any organic items," says Gene Harris, senior purchasing manager, Denny's Corporation, Spartanburg, SC. "As consumer awareness and availability increase, we will consider it."

"Our customers are not clamoring for organics, just yet," explains Janet Erickson with a laugh. The executive vice president of purchasing and quality assurance, Del Taco, LLC, Lake Forest, CA, concedes that it may happen one day, but she does not expect Del Taco customers to demand organic fast food in her lifetime.

"Some of the herbs I look at are organic," notes Steve Greer, owner of Golden Ox, Kansas City, MO. Most of the organic produce he chooses is based on quality, and customers may never know they are eating organic produce at his restaurant.

"My wholesaler offers a full range of organic products. They are ubiquitous now," says Jimmy Carbone, owner of Jimmy's No. 43, New York, NY. While he does buy some organic produce, he says, "Local is more important to me."

pb

says Erickson. "I have been here for 16 years, and we have one we've had for the entire time I've been here."

"We use approximately 100 regional produce distributors to service all of our restaurants, which are located in 49 states," explains Denny's Harris. "We review our major markets every 18 to 24 months or as needed if there is a service issue. We typically don't change suppliers unless there is a real need. We have several produce distributors that have provided us great service for over 10 years."

Smaller operations are just as likely to keep the same suppliers for a decade or more. "We typically use two produce suppliers," says Sibley. "If we're happy with the service, we don't change for a long time." **pb**



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A Bright Future

The area's high energy and centralized location boost the foodservice and retail sectors.

BY SANDY LINDBLAD LEE

Fueled by a brisk business climate, steady economic growth and a multitude of cultural and recreational amenities, Dallas presents exhilarating surroundings and limitless opportunities to its diverse population and visitors. While capitalizing on its many built-in advantages, including its centralized geographic location, the fresh produce distributors serving the Dallas-Ft. Worth region remain optimistic about a bright future.

Situated in the center of both the country and the continent, Dallas-Ft. Worth provides easy access to all major business centers. Its proximity to major U.S. produce shipping regions offers a convenient consolidation locale and competitive pricing. It is also equally close to North America's five largest business centers: New York, Chicago, Los Angeles, Mexico City and Toronto. Direct flight time from the Dallas-Ft. Worth airport to nearly any city in the continental United States takes four hours or less.

The eight counties comprising the Dallas area along with four counties encompassing Ft. Worth compose the 12-county Dallas-Fort Worth Consolidated Metropolitan Statistical area and are referred to collectively as the Metroplex, according to the Greater Dallas Chamber of Commerce.

With a population over 5.7 million, the Metroplex is the largest market in the southern United States and ninth largest in the nation. By 2030, the population of the Metroplex is expected to grow by 2.7 million people to almost 8 million.

FOODSERVICE OPPORTUNITIES

A consensus among the region's produce wholesalers predicts the continuation of the expanding foodservice sector. Several companies are implementing new strategies intended to help make the most of this



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ongoing trend.

Hardie's Fruit & Vegetable Co. Inc., Dallas, TX, has specialized in foodservice throughout its 64-year history, notes Mark Austin, vice president. The company services an evolving customer base encompassing a wide size range, from single-unit local restaurants to multi-unit national chains.

Recently, Hardie's took some bold steps in response to increasing customer needs. It is in its fourth year at a new facility custom-built for the company "to deliver the ultimate in premium customer service" that is reflected through steadily rising sales, Austin reports.

Complementing its Dallas-based headquarters facility, Hardie's added two new facilities in San Antonio and Austin for regional warehousing and distribution in 2006. "We've been able to draw from our history as a local distributor and have expanded our capabilities to become a regional player," Austin states.

Combs Produce Company LP, Dallas, TX, offers foodservice customers expanded options through the variety of service and product its vari-

ous subsidiaries make available, according to Brett Combs, president. Combs Specialty Produce flies in fresh products daily from around the world. First Choice Distributing Co. LLC, a Combs subsidiary, is a full-service produce brokerage as well as a nationwide truck broker.

Combs Produce is also a long-time specialist in tomato repacking and ripening, Combs emphasizes. "We've quadrupled our sales in the last 10 years." The company recently completed major expansion of its operation by acquiring two additional warehouse buildings, formerly occupied by Nogales Produce Co., in downtown Dallas.

Targeting the growing foodservice business, Ideal Sales Inc., Dallas, TX, recently added Jerry Davis as director of foodservice. Offering expertise as a long-time potato and onion specialist, "We are focusing

WHAT'S NEW IN DALLAS?

HARDIE'S FRUIT & VEGETABLE CO. INC. — Completing another aggressive move to expand its reach through its “Red River to Rio Grande” market penetration strategy, this foodservice specialist opened a new distribution facility in San Antonio in mid-December, reports vice president Mark Austin.

“From the success we’ve enjoyed as a local distributor, we have been able to expand our capabilities to become a regional player,” he explains. The San Antonio location is the second key addition to what he says has been named the “Hardie’s South” distribution region in Texas.

Earlier in the year, Hardie’s announced a new partnership with Five Star Produce, Austin, TX, to increase market penetration and customer service in the region centering on the state’s capitol city. “For years, many of our chain restaurants have asked us to provide the Hardie’s service they love here in Dallas to their locations in other Texas markets,” relates Austin. “With the addition of both of these key operations, we are providing the fresh produce, dairy and specialty foods to the central and south Texas locations of our chain restaurant clients, as well as new clients.”

“While we will continue to become a one-call regional solution for our customers through our Texas base, we will also be able to grow with ease into a national base through our expanded warehousing locations and distribution network,” adds Duke McLaughlin, director of sales.

“As the wholesale model continues to evolve and change along with the grower/shipper community we’ve aligned ourselves with, we are able to provide substantially increasing value to both our suppliers and our customers,” Austin adds.

To help accommodate its expanding business, Hardie’s recently added Dave Allen as vice president of sales. Prior to joining Hardie’s, Allen was a regional director based in Scottsdale, AZ, for Pro*Act Specialties LLC, which is headquartered in Los Angeles, CA. Allen “will help refine and aid with implementing our strategic plan as we grow our business through our positioning. We will all diligently continue to refine what has made our company successful for more than 64 years,” says Austin.

“Food safety is always at the top of our priorities,” he emphasizes, pointing out the consistent, exceptional ratings awarded to Hardie’s by various independent food safety auditors and customer-affiliated inspectors. “Traceability is also a key. I cannot emphasize enough our attention to detail with every box of product that comes through our facilities.”

COMBS PRODUCE L.P. — This multi-faceted company has enhanced its repacking and distribution capabilities and overall efficiency through acquisition of two buildings near its headquarters, according to Brett Combs, president.

Tomato repacking and distribution were relocated to one of

the additional warehouses when the company sold a nearby building that had housed its tomato operations. “Our tomato business has grown tremendously,” reports Combs, “and we needed more space.”

The designated office area in the recently acquired building has been remodeled and is now occupied by several of the administration and salespeople in the Combs organization. The second building is utilized for storage, but future plans call for its possible conversion to accommodate the growing Combs foodservice business. “Foodservice has exploded during the last decade,” Combs stresses. “We do business with every single major foodservice distributor in the area.”

Another move to address its expanding foodservice customer base has been the addition of industry veteran Bud Harding to the staff of First Choice Distributing Co. LLC, a subsidiary of Combs. Harding brings over 20 years of procurement and sales experience in the Dallas area produce industry. First Choice functions primarily as a produce brokerage and transportation specialist.

“We’re a young company, surrounded by strong, older competitors,” Combs adds. “About five or six years ago, we recognized we could no longer do business the way we used to, and we seem to be benefiting from the changes we have implemented.”

IDEAL SALES INC. — Jerry Davis recently joined the staff as director of foodservice to help accommodate the company’s expanding list of foodservice customers, according to Sherman LaBarba, one of Ideal’s owners. “He is working on developing new programs and attaining contracts, especially with multi-unit restaurant chains,” says LaBarba. “We are increasing our alignments on both sides of the street — with grower/shippers and with our customers.”

NOGALES PRODUCE INC. — While expertise in Hispanic produce is a major factor in this 16-year-old company’s explosive growth, Nogales now offers an increasingly diverse list of produce targeted to a wide variety of ethnic groups. “Every single month we try to introduce new products to our customers,” notes Monica Trevino, marketing coordinator. She cites Chinese and Indian specialty items among those in greatest demand.

Nogales recently completed its second year in its current location after moving from its facilities in downtown Dallas. The 131,000-square-foot facility more than doubled the company’s former space. Among the numerous upgraded features, the 17-dock loading area is refrigerated “for the ultimate in cold chain maintenance,” Trevino stresses.

While fresh produce offerings comprise the bulk of its business, Nogales also features a wide selection of dried chili peppers, herbs, spices, canned beans and peppers, packaged beverages and other grocery and restaurant supplies. **pb**

more on foodservice groups, including multi-unit restaurant chains,” says Sherman LaBarba, an owner of Ideal Sales. “New restaurants are opening up all the time.”

“This region is exploding, and there’s always something new,” adds Jason LaBarba, sales at Ideal Sales. He cites two examples — the ongoing revitalization of the downtown area and the rising younger population. Statis-

tics from the 2000 Census verify the median age of the Dallas-Ft. Worth Metroplex at 32.1, while the national median age is 35.3. “A lot of these people are single, and they like to eat out more,” adds LaBarba.

National and regional restaurant chains as well as independent operators look to Dallas as a popular test market for new concepts, menu items and products.

The Greater Dallas Chamber of Commerce says Dallas is one of the leading convention cities in the United States, which has a direct effect on foodservice business. Annually, it attracts more than 4 million convention delegates who contribute in excess of \$4 million to the local economy while attending more than 3,600 conventions.

Sports organizations are also a big influence

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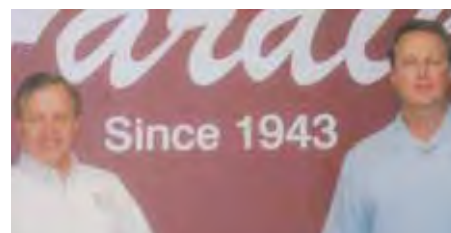
on the foodservice sector. Dallas is one of the few cities in the nation that has seven major sports teams: Cowboys football, Mavericks basketball, Rangers baseball, Stars hockey, Burn soccer, Sidekicks indoor soccer and Dragons polo.

THE RETAIL SECTOR

Similar to other major markets across the country, the Dallas retail grocery trade is dominated by a few large chains and some independent stores. In addition to Wal-Mart, major retailers in the region are Kroger Food Stores, Albertson's Supermarkets, H.E. Butt and Safe-way, Inc.-owned Tom Thumb.

A steadily increasing number of Hispanic-themed retail operations is emerging in the independent sector. Adjacent restaurants serving Hispanic cuisine often accompany these retail stores.

Responding to the needs of this customer base provides a reciprocal benefit to Nogales Produce Inc., Dallas, TX. Although this 16-year-old operation is one of the younger produce wholesalers in the region, both competitors and customers often describe it as one of the fastest growing and most intuitive. While maintaining its specialty in Mexican and Latin produce, the company offers a full line of fruits and vegetables. It also handles supplies outside



Duke McLaughlin and Mark Austin,
Hardie's Fruit & Vegetable Co.



James LaBarba and Sherman LaBarba,
Ideal Sales Inc.

the fresh produce realm, notes Monica Trevino, marketing manager. Nogales Produce distributes dry canned goods, candy, cookies, tortilla-making supplies, mops, brooms and other cleaning necessities.

In general, ethnic demographics can help explain the increase in popularity of Hispanic produce items. The Dallas metro area has the 11th largest Hispanic population of major U.S. cities, according to the Greater Dallas Chamber

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From left: Vance Vonderheld, Bud Harding, Brett Combs, Brad Combs and Steve Fleming Combs Produce LP



Greg Saldivar Jr., Nogales Produce Inc.



Geoff Noone and Ken Mosesman, Market Distributing Inc.



From left, Torr Sillaway, Mark and Rob Reaves, Bill Kitts, Jason Douglas, Larry Reaves and Mattie Caronna, The Reaves Brokerage Co.



Seated: Darrell Wolven; standing, from left, Tim Rose, Barbara Pitts, Mike Kidd and Jeff Kraft, Tom Lange Co.



From left: Mason Odom, Jim Odom, Melvin Biedigger, Pam Dunning, Robert Birchmier, and Mike Shied, J & M Produce Sales Inc.

of Commerce.

"In the state of Texas, the Hispanic population is the largest segment," notes Trevino. "Hispanics are now the majority."

Although Dallas does not have a wholesale terminal market, it does have a farmers market that sells to the public. Some of the retail occupants of the Dallas Farmers Market still procure produce from nearby wholesalers, but those numbers continue to shrink. The days of relying on walk-up trade are gone.

Throughout today's competitive environment in foodservice, retail and other segments, food safety emerges as a top concern to all produce companies.

"Taking the initiative to be proactive, rather than reactive, relating to food safety has proven well for us," stresses Dave Allen, Hardie's vice president.

"I think it is going to become extremely intense in 2007 for the produce industry relating to food safety," adds Hardie's Austin. "We have developed a Food Safety Task Force at Hardie's. We've got to be at the forefront for protection of our customers. At the end of the day, we want to be able to say we did everything we could to distribute products that are safe."

Combs says Combs Produce goes way beyond what is required through various food

safety certification guidelines. "For example, we test chlorine levels at our tomato lines every single hour. And we've added new personnel who have duties strictly relating to monitoring our food safety."

A BRIGHT FUTURE FOR THE REGION

Although several area produce wholesalers report business is still suffering from lingering effects following the tragedies of Sept. 11, 2001, the economic future appears bright to most. The long-term forecast for the region predicts increasing affluence.

Dallas is expected to lead the state of Texas in economic prosperity throughout the next three decades. Between 2003 and 2030, the Dallas metro area will account for nearly 28 percent of the state's total economic growth, as measured by real gross product (RGP), according to statistics from the Greater Dallas Chamber of Commerce.

The unemployment rate in Dallas is around 4.3 percent, significantly lower than the Texas and U.S. unemployment rates.

"We are in a really good position, because of our location and a core of forward-thinking businesspeople," stresses Ideal Sales' Jason LaBarba. "Dallas is predicted to become a significant international trade hub."

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Selling More Peanuts Not A Hard Nut To Crack

Sporting events and celebrations create year-round reasons to promote peanuts.

BY TRISHA J. WOOLDRIDGE

Whether the traditional roasted snack found at baseball fields and circuses or the boiled snack associated with the South, Americans love peanuts. In-shell and shelled, they offer retailers a sure-fire produce department winner.

"Nearly everyone likes peanuts," says Betsy Owens, executive director, Virginia-Carolina Peanut Promotions, Nashville, NC, which represents peanut farmers in Virginia, South Carolina, and North Carolina. Their popularity and a potential for substantial profits have made peanuts "an inviting item for produce managers to promote."

Karen Burk, spokesperson, Wal-Mart Inc., Bentonville, AR, notes customers want peanuts year-round, but "There is additional popularity around sporting events and hunting trips and/or those seasons."

To help retailers capitalize on existing seasonal demand for peanuts, as well as create more markets for the already popular nut, Virginia-Carolina has created an in-depth website. "Well-planned and efficiently executed promotions are key ingredients for building store traffic, enhancing peanut sales and boosting produce department profits," according to the website.

Peanuts can be matched with a multitude of themes throughout the year and are available in a variety of styles and packages, although bulk peanuts are still popular in many areas.

"I'm definitely in favor of bulk because it gives customers a chance to scoop what they want or to buy in large volumes," says Alex Hardy, president, partner and owner, Hardy Farms, Hawkinsville, GA. "I say carry 50-50 — half in bulk, half in packages."

Taking a different position, Paul Kneeland, produce director, Roche Brothers



Tying in to local sporting events and teams is a way to boost peanut sales.

Supermarkets, Wellesley Hills, MA, explains, "We don't carry bulk now. Some customers like to sample them, and we don't want shells all over the floor."

"We offer selections with our snacks in dry grocery," Burk states. "But at Wal-Mart, our customers can also find fresh peanut selections in our produce department in our Supercenters and Neighborhood Markets. They are packaged in 10- or 16-ounce cello packages, and we offer roasted, salted and raw selections."

"More retailers are gravitating toward packages over bulk because there is an increase in allergen awareness," explains Peter Jessup, director of retail sales, Hampton Farms and Jimbo's Jumbos Peanut Company, Cary, NC. "It's been seen that we do not sell quite equal amounts — there are still more bulk sales — but we're seeing a shift to more packages."

E. J. Cox Company, Clarkton, NC, which has been processing in-shell peanuts for over 100 years, will be introducing a new co-

branded item in January, according to Terry Williams, president, T. Williams Marketing Group, Plymouth, NC, and Cox national sales manager. The new product is a tabasco infused in-shell peanut that will bear Cox's Sachs brand as well as the brand of the McIlhenny Tabasco Company, Avery Island, LA.

The new hot, spicy and flavorful peanut is designed to tap into the overwhelming consumer trend for anything piquant. It will be available in a pre-packed display case.

PRODUCT PLACEMENT

Hardy believes the placement he sees in the South is working just fine "especially during the holidays. I see peanuts just as you come in the door. With Wal-Mart, I see them at the grocery entrance, right in produce. I see them near the entrance in a lot of stores." Referring again to southern merchandising, he adds, "During the green season, they should have their own island."

Jessup agrees with the general placement concept, saying, "It's good to see

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peanuts as soon as you walk in the door."

"They need to be visible," states Owens. "They are still more of an impulse buy, not always on the list. If they're not visible, they're less likely to sell. The more visible the better."

Kneeland notes, "Typically, we put them near trail mixes and snacks, generally near fruit versus vegetables, and in a medium traffic area."

Jessup would like to see "as much space as humanly possible" dedicated to peanuts, but admits, "It will vary by retailer. Everyone wants their product in the spotlight. Displays drive sales. During promotional periods, I love to see displays put nuts on people's minds as soon as they enter the department."

Wal-Mart's Burk stresses the importance of displaying a message of freshness and local support. "Whenever possible, we try to purchase fresh products from local suppliers, and this includes our fresh peanut offerings as these suppliers are currently U.S. suppliers."

CROSS-MERCHANDISING AND SPECIAL PROMOTIONS

Cross-merchandising and running special promotions have a long history of driving peanut sales.

"We have our display contest in January," offers Owens of Virginia-Carolina Peanut Promotions offers. "It gets people interested in doing special displays because it works so well [to sell peanuts]. There is a lot of creativity and themes, and it makes a big difference in the amount of movement. Creative displays of peanuts and peanut products capture customer attention and stimulate increased sales."

Roche Bros' Kneeland believes this month-long promotion is a great opportunity for marketing and increased sales.

Kneeland also suggests cross-merchandising with pistachios and trail mix, because when one of them is advertised, all of them benefit. "Cross-merchandising helps with ads, and you can create a 'snack section' for consumers."

"Smart partnerships drive awareness and sales. Recently, we partnered with Disney for the re-release of *Dumbo*," Hampton Farms' Jessup adds

NUTS ABOUT SPORTS

There are many themes to help promote peanut sales year-round, but peanuts and sports are the most common association for most consumers.

Baseball and football are popular and well-known tie-ins. "One of the fortunate aspects is that [peanuts] marry up to base-

ball well," says Jessup. "It's part of the American pastime. You can market them for the entire season of baseball, which is a long season — from April to October. Major League Baseball is a great tie-in."

"People think of concessions and boiled peanuts during baseball season," agrees Hardy of Hardy Farms. "During fall sporting events, particularly football, peanuts are a great snack for tailgating and in the stadiums. They are also big during hunting season, especially bird season."

Kneeland describes how Roche Brothers ties peanut promotions to sporting events. "We expand and contract the space allotted as the seasons go. There are 12 to 16 linear feet off season and 20 to 30 in season, such as around sporting events — Super Bowl, March Madness and baseball season. "During football season, we widen the display and put out POP signs specific to the theme. We include footballs, football jerseys and goal-posts."

"Whether it's high school, college or the pros, football-themed in-shell peanut displays work well in conjunction with the Super Bowl season," suggests Owens. "Decorate your peanut display with jerseys, pom poms and streamers in team colors. Use football terminology in your signage, such as 'Catch the peanut flavor,' 'Peanuts, a winning snack,' and 'Pass the peanuts.'"

"We're seeing more and more sporting events," continues Jessup of Hampton Farms. "College bowl games and NASCAR

Pricing Peanuts

According to the website of Virginia-Carolina Peanut Promotions, Nashville, NC, "Historically, in-shell peanuts have been a profitable item for produce departments, delivering as much as 40 percent profit margin."

Alex Hardy, president, partner and owner, Hardy Farms, Hawkinsville, GA, offers this explanation of the variance in peanut prices based on whether they are green, roasted or boiled. "The lowest I've seen for green peanuts is 99¢ per pound, but now about \$1.29 is a bargain. Roasted peanuts are steady-to-low [priced] because they're less to manufacture and should be cheaper because of the farming. The price to the grower is about 50¢ per pound or lower, some of which is passed on to the consumer. For boiled peanuts, in the store, \$2 per pound is the going rate, though it's occasionally lower. More goes into [boiled peanuts] though, with the packaging, freezing, shipping and pricing. The markup on boiled peanuts is not as much [as other styles]. On the other hand, green peanuts are seasonal and boiled peanuts are available year-round."

"It's up to the retailer on pricing," relates Peter Jessup, director of retail sales, Hampton Farms and Jimbo's Jumbos Peanut Company, Cary, NC. "I'd like to see nothing more than a 30 percent markup, but some retailers would disagree."

According to Betsy Owens, Virginia-Carolina executive director, economic research from North Carolina State University shows that when the price of most items in the supermarket is reduced by 15 percent, sales of those items go up by 35 percent, but when peanuts are discounted 15 percent, their sales go up 48 percent. A small adjustment to peanut price can significantly impact sales.

Paul Kneeland, produce director, Roche Brothers Supermarkets, Wellesley Hills, MA, says appropriate pricing depends on what is being offered. "There are all different sizes. It must be representative of a value to the customer."

pb

are being used as points of promotion, too."

HOLIDAY AND EVERY DAY

Hardy believes Labor Day and July 4th are great holidays that merit extra peanut promotion, particularly for boiled peanuts. Additionally, "Harvest time for green peanuts is a good time for marketing."

"During the spring and summer, outdoor and patio parties can drive peanut sales," says Owens. "For in-shell peanuts, it's outside, so you don't worry about shells getting where they're not supposed to be."

"Father's Day is also big," she adds. "More men eat in-shell peanuts, though more women buy them. They also go well with a variety of beverages."

"During the winter, people feed squirrels with peanuts," Kneeland comments, "so we make displays with that in mind."

Owens lists several other displays and themes that drive peanut sales throughout the year. "A circus-themed in-shell peanut display with animals including elephants and monkeys or a 'carousel' island display have shopper appeal." She also suggests having contests, such as offering samples and saying "Bet you can't eat just one" or having a "guess how many peanuts" jar with the peanut display.

The most important thing to generate peanut sales throughout the year is just to make sure the customer sees and thinks of peanuts. Jessup stresses, "Visibility is of paramount importance."

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Enhancing The Floral Sale

How baskets and pots can increase sales and profitability.

BY HEATHER CROW

Several years ago, you may have found a small stand with a few cut flowers somewhere near the produce department. Those days are over. Supermarket floral departments have come a long way in the last few years, offering everything from fresh-cut flower bunches ready to drop into a vase to green and blooming plants, balloons and full floral arrangements.

While many floral departments remain predominantly self-service, or partially staffed, others have gone full-service and some even offer delivery. For example, H. E. Butt, the 280-plus store chain based in San Antonio, TX, along with Associated Food Stores, a cooperatively owned wholesale distributor headquartered in Salt Lake City, UT, and several others, are now members of the FTD Floral Network, Downers Grove, IL. Others, such as Roche Bros. Markets, a 13-store chain based in Wellesley, MA, have done the same within the 1-800-Flowers Network, Westbury, NY. Customers can order flowers through their local store or online through the chains' websites.

Other floral departments have gone from simple to expanded services in recent years, with stores like Gelson's Markets, an 18-store chain based in Los Angeles, CA, offering in-store floral demonstrations and workshops. Elizabeth, NJ-based Wakefern Food Corp., the merchandising and distributing arm of ShopRite Supermarkets, Edison, NJ, operates a floral and garden center.

Supermarket retailers must be able to offer their customers floral products in line with what customers can purchase in traditional floral outlets.

UP-SIZING THE SALE

One way floral retailers can increase



Offering a variety of pots and baskets can do much to increase the register ring.

both the overall dollar value and the profit margin of a floral sale is to upgrade the container in which the flowers or plant is placed. By doing this, departments can take a standard blooming plant in a plastic pot or inexpensive pot cover and easily convert it to a beautiful, gift-quality item. The same can be done by integrating green plants into ceramic dish gardens or by using decorative containers and vases for fresh-cut floral arrangements.

Among the most commonly utilized hard-goods items in a floral department are pots and baskets to accent living plants and serve as containers for fresh arrangements. These are also used as the base container for fruit and gift baskets. While some stores handle fruit baskets through the produce

department, others have turned this task over to the floral department.

With floral departments becoming an increasingly important part of a supermarket's business, it is key for retailers to find a balance between fresh items and the wide variety of hard goods available to go with their perishables. Tom Lavagetto, president, Floral Consulting Group (FCG), Spokane, WA, believes retailers should "continually promote the use of non-perishable goods to accent the perishables," while remembering, "The perishable goods [the flowers and plants] are the most important item. Using hard-goods items is a good way to help a business grow, but do not lose sight of the main idea," which, he says, is selling flowers and plants in the floral department.

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Working With Suppliers

Many suppliers offer direct support to retailers to help them grow their floral business.

According to Richard Knutson, president, Basket Ease, Prior Lake, MN, the company, which specializes in baskets for fruit and gifts, offers posters "showing the product along with artificial fruit to create mock-up baskets." Displaying the posters alerts the customer to the availability of different types of gifts without tying up a large amount of time, retail space and perishable product.

Tom Lavagetto, president, Floral Consulting Group, Spokane, WA, notes, "In most cases, suppliers have the ability to deliver product [plants] upgraded with little for the retailer to do, depending on the supplier. Suppliers may work with the grower so upgrades are done ahead of time. Communication between the grower and the retailer is important to find out what the buyer wants."

Sam Monte, president, Monte Package, Riverside, MI, often sells direct to nurseries, allowing the grower to insert plants into the baskets and deliver them to stores as a complete unit.

He stresses the necessity of long-range thinking, especially since these add-on profit builders are becoming increasingly important. "It's important to plan ahead. In December we are already taking orders for delivery in August for fall mums. Baskets have gotten to be a very big item." **pb**

There are many choices when it comes to containers. Richard Knutson, president, Basket Ease, Prior Lake, MN, says his company "offers baskets especially for fruit and nuts, which are also sold in floral at times with other gifts. We do offer a couple of baskets that can integrate a plant into the center of the fruit." Intertwining products from both floral and produce is a great way to up-sell both items, while offering the customer a unique gift.

"Having a product upgraded is a very good idea to increase the average sale," says FCG's Lavagetto, "however, I think it's

important to have the right percentage of product upgraded, not too much or too little.

"For every 100 plants, perhaps half should be upgraded, with half in inexpensive pots, covers or simple pots — to give the customer the choice he or she deserves — people have different needs. This is a good gauge, but depending on the store, some may have a 40/60 split," he adds.

Madelaine Brown, president, Lucie Sable Imports, Skokie, IL, agrees. "Not all should necessarily be upgraded to give the customer the choice. Depending on the store, about 25 to 30 percent of the floral department should be devoted to hard goods." The rest, of course, should be devoted to fresh flowers and plants. Lucie Sable offers a line of ceramics, tin and some baskets, which Brown points out, "can be used for fresh arrangements, dish gardens or plants."

MERCHANDISING POINTERS

The sizes of baskets and pots offered is an important consideration.

Knutson of Basket Ease believes, "A typical sale is two to four pounds of fruit, priced as low as \$10 to \$12; but the largest baskets hold up to eight or 10 pounds of fruit and retail for \$40 or more." He recommends this range of sizes because, "A lot of people can afford this price range."

When it comes to baskets and pots for flowering plants, according to Lavagetto, "The most popular sizes and shapes are 4½-inch and 6- to 6½-inch, with some in the 8-inch and 10-inch range."

Brown agrees noting, "Four-and-a-half and 6-inch baskets are the most popular, with a growing trend toward 8- to 10-inch containers."

Sam Monte, president, Monte Package, Riverside, MI, which manufactures wood baskets, says, "The most popular sizes are the peck, half peck, and half bushel basket sizes."

Colors that reflect seasonality and placement should also be considered.

"Containers should be shown with other items — some plants in, and some out," recommends Brown. Her advice to retailers building displays is to remember, "Color is important for merchandising."

Monte also stresses this point, saying, "In spring, everyone wants pastels. From Thanksgiving to Christmas, they should have red, green or a combination, but for fall mums, natural is the most preferred."

According to Knutson, "The primary thing is to put them in the main flow of traffic so customers know they are available, and can become a traditional item."

Lavagetto recommends retailers "be selective, using a handful of the best, rather



than a lot of product, and change the look continually. These products sell the best when there is staff there to talk to the customer and show them; self-service doesn't sell well. The more personal touch, the better they sell."

This recommendation is in line with Brown's earlier comment about displaying some plants in and some out of the containers so the customer can see how to use them and to mix and match if he or she prefers. Lucie Sable offers ceramics, useful garden bags with real tools and a place in the middle for a live plant, vases, boxes and other containers to help retailers build a creative display.

With an ever-increasing variety of hard-goods choices, it is up to retailers to determine which ones suit their markets. Some stores may choose to offer more upgraded options than others. Only demographics can determine what to carry.

Supermarket floral departments need to be aware that specialty containers designed to upgrade floral and plant sales are good opportunities to increase both the total sale and the profit margin. Stocking a base supply of containers in the most popular sizes with a few additional geared toward larger plants and gifts is a good marketing practice.

As supermarkets continue to grow their share of the retail floral market, good merchandising choices become even more important. Taking a single-digit dollar sale into double digits is one way to insure the profitability of the floral department. **pb**



Contrasting Holiday Messages

On a beautiful Saturday morning prior to Thanksgiving, my fears Wal-Mart would be a shopper's nightmare were quickly dispelled when I walked through the front doors about 10:30. My first glance at the checkstand area revealed a staffing level in relation to anticipated needs and lines far shorter than usual.

The food shopping area was not as congested as I had anticipated, and heading into the produce area I looked forward to quickly satisfying my needs. There were large displays at moderate prices but often above conventional supermarket features for basic holiday favorites: celery, cranberries and sweet potatoes. However, when I went looking for some of the lesser-known but important vegetable ingredients, such as parsley and packaged herbs, used in recipes for our family dinner, they were nowhere to be found.

When I reached the dry grocery section, poorly stocked shelves greeted my eyesight, and a number of frequently used items were either out of stock or appeared to have never been available. Needless to say, I left the few items I had in my cart and headed to one of the conventional stores where, not to my surprise, my entire shopping list could be filled at an overall reasonable cost.

No wonder recent reports from Wal-Mart indicate same store sales barely budging from previous year comparisons while a number of those leading supermarket chains that have been predicted to be heading for extinction are experiencing the best sales and profit growth rates in recent years.

That same morning, the newspaper carried three pages of Publix advertising with breathtaking, living-color photos focusing on the holiday event in complete contrast to the typical only-item-and-price advertising done by most supermarkets. The headline read *Even with Turkey to Roast and a Party to Host, Thanksgiving can be Easy*. Included on two pages were recipes for featured green beans and sweet potatoes along with pricing and beautiful photos for those and four additional items. In smaller print were ad cuts and pricing for only seven additional items.

The top of these pages contained tips and time required for preparing the meal. At the bottom were six photos along with instructions for how to carve the turkey. In this age of on-the-go eating, having a feast was made to appear both easy and elegant.

But it was the third page that stopped me cold. Slightly over the

center third of the page was devoted to a beautiful photo of a slice of apple pie from the bakery with the headline, *Oh, I couldn't possibly eat dessert. Well, maybe I could*. Below were six factors making the pie outstanding, including background for the Ida Red apple.

Later in December, Publix devoted a full-page ad to its premium rib roast, followed a few days later with three pages of Christmas advertising paralleling the format used for Thanksgiving. These have been supplemented with one of the finest image-building saturation TV commercial campaigns I've ever seen by a supermarket. No item or price, only a great family story, with the Publix name used only at the very end.

This isn't competing for the majority of Wal-Mart shoppers. After all, price shoppers are heavily composed of the 40 percent of families earning less than \$35,000 a year based on 2004 figures by the Census Bureau. Those are the majority of shoppers looking for only the basics.

On the other hand, many of those above this arbitrary dividing line are ready to be seduced by the offering and promotion of chains somewhat similar to Publix. Is it any wonder validation comes from the October issue of *Consumer Reports* that rates supermarkets based on the opinions of their readers, most of whom would fall into the upper 60 percent of income? With the composite score based on service, perishables, price and cleanliness, leading regional operators, nearly all with top scores for service and perishables, lead the group of over 50 chains. In 45th place was Wal-Mart, below average in all categories except price. At least 25 had scores significantly better.

However, Sam's Club, hindered by an obvious low service ranking, still achieved a higher 31st place rank. For example, with Sam's and Wal-Mart practically side by side at one Savannah location, Wal-Mart practically never stocks lamb, but at Sam's, volume now supports an 8-foot linear presentation. Consumers researched.

In mid-December, successful supermarket chain stocks were trading near yearly highs.

For those who not long ago were predicting even well operated supermarket chains would be disappearing from the retailing scene, rethinking may be in order. Formats may change, and methodology will evolve because of technology, nutrition and food safety concerns. Produce growers and shippers may be well advised to adjust to the changing business opportunities created by the customer demographics of the longtime supermarket leaders.

pb

With the composite score based on service, perishables, price and cleanliness, leading regional operators, nearly all with top scores for service and perishables, lead the group of over 50 chains.



Those Fantastic Red Delicious

I cannot remember if I ever had such a strong movement of those fabulous Washington Red Delicious. And when you run into such a good demand, you are always in short supply. Which was exactly what happened immediately after the holidays. The cost was rather high, and my shippers needed to move the big sizes, which made it tough in some markets. As usual Finland is the first to open but also the first to close. I have never understood that. But then Norway and Sweden take over and on top of that Rotterdam starts pulling. With sales into Germany and Russia. So I had my Red Delicious all over Northern Europe.

I will continue to ship them for January and February arrival. Then South America takes over, and you cannot fight them with price. They offer the total program of apples, pears and grapes. That is a package no chain can turn down. Especially pears will be in good demand all spring. There is a shortage of Northwest Anjous already and we have just started the new year.

What is a major headache is the dismal service by the only carrier still serving the Northwest. HAPAG. One always got stories of delay in the Panama Canal and what is worse, missing connections upon arrival. The feeder service can cause delays of 10 to 14 days. In order to be in the selling markets in good time before the important holiday trade, you need to ship them two weeks early. And the apples are not always available. But I guess there is nothing I can do about that either.

As I mentioned, the sale of Anjous is very good now, but it was very slow when the season started. Big sizes and rather high cost. I think this is the first season ever I had to accept sizes 60/80s. While our buyers want 100/120s.

But when nothing else is available, that is what they have to accept. Last year we had a serious quality problem that stayed with us all season and created problems with the shipper. Only after the season was finished were we told what caused the inferior quality. Too hot, too cold, too wet, all during the growing season. But it was too late to smooth the losses faced by shipper and receiver.

I did not have any grapes for Christmas. First time ever. Pandol, my longtime shipper, told me they had too much rain. Grapes have never been one of my hobbies. I never understood how to deal with them. A few rotten grapes can cause tremendous losses. And the risk to get into an argument with my very best friends in Delano, Pandol Brothers. Did business with Jack Pandol when he entered the business and never had a problem with him or his people. Always 100 percent straight and honest.

One likes to go back and see how it was before. When you started. You try to run a business, and you think you are successful.

Then your company is approached by some of those world-famous names that want to include you in their worldwide empire. Because you have something worth the money. You have special deals in faraway countries, and they have that combination of cheap land and labor, weather for growing crops and governments hungry for foreign currencies to bolster their military presence or just to finance their far-above-income-level way of living. Or just a dictator trying to stay in power. Growing peppers in Ethiopia or Senegal. Introduction of new consumer items such as iceberg lettuce.

And in the early '60s taking the lead in importing apples and pears from the Northwest. Grapes and strawberries from California or winter vegetables from Florida. At the same time you switched from air to surface transportation. From Seaboard World Airlines or Car-

golux to refrigerated containers from US Lines, Sealand, Seatrain, ACL. Very risky trials with too many claims. An endless struggle. Your bigger shippers want to establish their own selling companies in Europe. They go after your business and your customers. And there is absolutely nothing you can do about it. It is a free world. They show up in your office, innocent looking. Trying to steal part of your business.

The only one that left a lasting impression was American Foods in Florida. They had the same items but not quite the money needed. They were growing strawberries, tomatoes and peppers in Florida. And that took a lot of guts and luck with the weather. Rains and freezes. Difficult to make long-term commitments. With big growers like Duda looking over their shoulders. Trying to copy their invention of growing crops on plastic. I remember a meeting I had with Duda in Oviedo. Ferdinand

Duda offered me a ride on the company's plane to West Palm Beach. And we circled for quite some time over the fields of American Foods. What you do not have yourself you can always copy from a competitor. It is, after all, a free world.

The big names that crossed my path. Castle & Cooke before becoming Dole. Successes in our business are measured in limited percentages. Failures meant the closure of companies.

What was finally left for me? I met a lot of interesting people. But they, too, were human. Dropped ill, died, merged — you name it. I do not want to say I survived them all. But I am an expert in changing body parts and pain killers. So there is something planned by the almighty lord, even for me. I have never met him, yet. But I know he is around somewhere. Trying to stop all of us from going in the wrong direction.

In the next issue of PRODUCE BUSINESS, I will tell you more in detail about some of those ventures. Exciting.

I cannot
remember if
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such a strong
movement of
those fabulous
Washington
Red Delicious.

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Blast from the Past

William T. Baffes founded County Fair Food in Chicago, IL, in 1964. As this picture shows, little Billy, as he was known then, has roots in the food business that go back much further. His family, which ran a mom-and-pop store, would go to the South Water Market every morning, and in good weather they would display the fresh produce outside the store. It was the beginning of Baffes' life-long desire to own his own store.

Today County Fair, a high volume supermarket on the South Side of Chicago, features a "farm stand" produce department.



The *Blast from the Past* is a regular feature of *PRODUCE BUSINESS*. We welcome submissions of your old photos, labels or advertisements along with suggested captions. Please send materials to: Editor, *PRODUCE BUSINESS*, P.O. Box 810425, Boca Raton, FL 33481-0425, or e-mail ProduceBusiness@PhoenixMediaNet.com

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JANUARY 2007

COMPANY	PAGE #	RS#	PHONE	FAX
Arkansas Tomato Shippers, LLC	31	29	888-706-2400	520-377-2874
Wayne E. Bailey Produce Co.	16	15	800-845-6149	910-654-4734
BelleHarvest Sales, Inc.	36	30	800-452-7753	616-794-3961
Blue Book Services	21	54	630-668-3500	630-668-0303
Boskovich Farms, Inc.	60	37	805-487-7799	805-487-5189
Brooks Tropicals	53	7	800-327-4833	305-246-5827
Bucolo Cold Storage	37	31	716-778-7631	716-778-8768
Canon Potato Company, Inc.	16	13	719-754-3445	719-754-2227
Capital City Fruit Co., Inc.	48	19	515-981-5111	515-981-4564
CF Fresh	62	20	360-855-0566	360-855-2430
Coastline Produce	60	38	831-755-1430	831-755-1429
Combs Produce Company	66	32	214-748-6086	214-749-5103
D'Arrigo Bros. Co. of New York	57	14	800-223-8080	718-960-0544
Damon Distributing	23	33	520-281-1682	520-761-4353
John DeMartini Co., Inc.	60	39	415-826-7122	415-826-7120
Dole Fresh Fruit Company	2	67	818-879-6600	818-879-6628
dProduce Man Software	58	23	888-PRODMAN	650-712-9973
Edible Software	43	6	832-200-8000	832-200-8001
Ethylene Control, Inc.	34	53	800-200-1909	559-896-3232
Florida Dept. of Agriculture and Consumer Services	17	28	850-487-8908	850-488-7127
Fresh Partners AB	50	55	46-8-742-1215	46-8-742-6201
FTD	73	12	800-788-9000	630-724-6022
G&V/West Fresh Farms	60	40	717-558-0804	717-561-2941
Garden Fresh Salad Co., Inc.	60	41	617-889-1580	617-889-3035
The Giumarra Companies	35	8	323-415-7005	323-780-1016
Gold Coast Packing Co., Inc.	60	62	805-928-2593	805-922-8719
Goodness Greenness	61	42	773-224-4411	773-224-6593
Greenhouse Produce Company, LLC	26	17	888-482-1492	772-492-1592
Hampton Farms	69	24	800-642-4064	252-585-1242
Healds Valley Farms	48	16	956-380-6211	956-380-1063
Hess Brothers Fruit Co.	37	9	717-656-2631	717-656-4526
Ideal Sales, Inc.	66	34	800-999-7783	214-421-0277
Kerian Machines, Inc.	50	25	800-551-5188	701-352-3776
Kingsburg Orchards	33	4	559-897-2986	559-897-4532
Krisp-Pak	61	63	800-755-0746	757-625-7170
Lakeside Organic Gardens	61	43	831-761-8797	831-728-1104

COMPANY	PAGE #	RS#	PHONE	FAX
Lange Logistics, Inc.	66	51	217-786-3300	217-786-2570
LGS Specialty Sales, Ltd.	47	18	800-796-2349	718-542-2354
Mann Packing Company, Inc.	11	3	800-884-6266	831-422-5171
Market Distributing Co., Inc.	67	65	214-748-6333	214-748-4201
Mediterranean Pleasures	49	27	800-491-VITA	856-467-2638
Melissa's/World Variety Produce, Inc.	58	11	800-468-7111	323-588-7841
Mexico Quality Supreme	25	1		
Nathel & Nathel	59	2	718-991-6050	718-378-1378
National Mango Board	80	68	877-MANGOS-1	407-897-2262
NewStar Fresh Foods	61	44	888-STAR-220	831-758-7869
Nuchief Sales, Inc.	37	21	509-663-2625	509-662-0299
Ocean Mist Farms	61	45	831-633-2492	831-633-4363
Olivia's/State Garden	61	46	617-884-1816	617-884-4919
Paganini Foods	49	27	800-491-VITA	856-467-2638
PerishablePundit.com	79	160	561-994-1118	561-994-1610
Produce for Better Health Foundation	71	56	302-235-2329	302-235-5555
ProducePackaging.com	40	36	800-644-8729	610-588-6245
Rice Fruit Company	37	35	800-627-3359	717-677-9842
River Ranch Fresh Foods, Inc.	61	47	800-538-5868	831-755-8281
Riveridge Produce Marketing, Inc.	37	10	800-968-8833	616-887-6874
Rosemont Farms Corporation	5	57	877-877-8017	561-999-0241
Sachs Peanut Company	18	60	888-750-6854	919-342-4058
Sambrailo Packaging	39	48	800-563-4467	831-724-1403
The Sample Dome	16	22	800-596-3676	403-936-5868
O. C. Schulz & Sons, Inc.	26	26	701-657-2152	701-657-2425
Silver Creek Software	45	66	208-388-4555	208-322-3510
Solid Software Solutions, LLC	43	6	832-200-8000	832-200-8001
State Garden, Inc.	61	49	617-884-1816	617-884-4919
Sunfed	29	50	866-4-SUNFED	529-761-1446
Sunfed	27	125	866-4-SUNFED	529-761-1446
Trinity Fruit Sales	34	59	559-433-3777	559-433-3790
Turbana Banana Corp	55	52	800-TURBANA	305-443-8908
Verdelli Farms, Inc.	61	151	888-834-3784	717-561-2940
T. Williams Marketing Group, Inc.	18	60	888-750-6854	919-342-4058
Wilson-Batz, LLC	24	5	520-375-5755	520-375-5855
Kurt Zuhlke & Association	40	36	800-644-8729	610-588-6245



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